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NEWS SUMMARY

GENERAL

Big local gains for Tories

The Conservatives made sweeping gains from Labour in the 36 metropolitan districts in the Midlands and North of England that went to the polls yesterday and gained control of a number of town halls, writes Richard Evans.

For the Liberals the great news of the night was that they remained the largest party in Liverpool, although their majority was cut to one. After the Tories had gained four seats, Labour had lost one and the Liberals three, the new council was 43 Liberals, 42 Labour and the Conservatives 14. The Liberal success in retaining control will be put down to their achievement in reducing the rates.

Labour, defending one-third of the seats in its urban strongholds outside London, was expected to lose heavily because of protests over rates, higher unemployment, and the normal bias against the Government in municipal elections.

Morale booster

Although not too much can be read into the results—they were the first electoral verdict on the Government since the October election—the Tory wins will give the Opposition a major boost in morale.

The towns where Conservatives gained overall control were Bury, Stockport, Calderdale (which includes Halifax) and Wirral. In all these districts the Tories were previously the majority party.

Labour lost overall control of Rochdale, Kirklees and Birmingham where the Conservatives won 11 seats from Labour. The new Birmingham council has 63 Labour members, 55 Conservatives and one Liberal.

Saigon takeover of U.S. property

South Vietnam's new régime moved to nationalise U.S. property, confiscating the country's banks, farms and businesses. Back Page. Meanwhile, in Washington, U.S. Defence Secretary Dr. James Schlesinger revealed that he was re-examining plans to reduce U.S. military garrisons in South Korea. Page 6

Judge 'baffled' by kidnap bid

Former Chief Justice of Cyprus Sir John Paget Bourke said at his Dublin home that he was "completely baffled" over his overnight gunpoint abduction. His wife was tied up when he was bundled into a stolen car, which was stopped at Ballyconnell, near the frontier in Co. Cavan. In Londonderry, a 200-strong mob, hurling bottles and stones, attacked security forces moving ballot boxes after the polls closed. Back Page

Bomb as Franco visits stadium

Parked car exploded outside a Madrid football stadium where General Franco was attending a May Day trade unions display. The car, which was booby-trapped, blew up half an hour after Franco, his heir, Prince Juan Carlos, and Government Ministers entered the stadium. No injuries were reported. Page 5

Sex Bill defeat

The Government was defeated in Commons Standing Committee on the Sex Discrimination Bill over its plans to outlaw single-sex trade unions. An amendment to enable such unions to continue if they provided special services or had an equivalent organisation for the other sex was carried.

GLC spending

Greater London Council move to reduce its capital spending by cutting back on the purchase of privately-owned flats and houses is being resisted by the Government. Back Page

Wales beat Luxembourg 3—1 in European Nations cup qualification round soccer match.

BUSINESS

Rally in gilts helps equities to 7.5 rise

● EQUITIES received a boost from the rally in gilts which helped the FT 30-share index to a gain of 7.5 at 334.7. Trading was generally thin, but there was a big turnover at the start of dealings in Rank Organisation 'A' shares.

● GILTS rallied, with technical factors combining with the Chancellor's remarks about

wages to produce a rise of 0.87 to 57.56 in the Government Securities index.

● GOLD fell $1 to $166.

● STERLING lost 35 points to $2.3485. Its weighted depreciation widening to 22.8 per cent. (22.7). Dollar and franc both strengthened, the dollar's depreciation narrowing to 6.83 (6.85) and the franc's appreciation increasing to 4.52 (4.29).

● WALL STREET closed 9.62 up at 830.96 following Federal Reserve comment that it was seeking a moderate rate of expansion in the money supply.

● BELGIAN Government is to freeze prices for two months. Page 5

● PRESIDENT FORD will to-day formally pledge not to embargo agricultural exports, this year, when he vetoes the Farm Bill passed by Congress last month. Official estimates foreshadow a maize crop of 6bn. bushels (4.7bn. in 1974) and a wheat crop of 2bn. bushels. Page 23

Chrysler $94m. first-quarter loss

● CHRYSLER, of Detroit, has made a net $94.1m. first quarter loss. It made a $1.6m. profit in the same period of 1974. Page 24

● SIR ERIC DRAKE, BP chairman, vehemently denied reports that his company had accepted the principle of State participation in the North Sea. Back Page

● COAL OUTPUT has risen by 6 per cent. (worth about £40m. in import savings) since a bonus scheme was introduced. Page 8

● LIVERPOOL DOCKERS overwhelmingly accepted a pay offer giving rises of 20 per cent. on average earnings. Page 10

● PAY OFFER formally accepted yesterday by London busmen's delegates is the first in the public sector fully linked to the cost of living index.

● PATONS AND BALDWINS is to dismiss 350 workers at its main Darlington textile plant. Page 7

COMPANIES

● SLATER WALKER Securities has reinforced its cash position by selling off £140m. of shares, businesses and property since the start of 1974. Back Page and Lex

● NATIONAL and Commercial Banking Group first-half pre-tax profits fell by £12.15m. to £19.04m., after an additional provision against advances of £3m. Page 21 and Lex

CHIEF PRICE CHANGES

(Prices in pence unless otherwise indicated.)

RISES:		
[illegible]nsport 4% '72-77	£87	+ 1½
[illegible]easury 12¾% 1995	£88	+ 1¾
[illegible]oc. P. Cement	155	+ 5
[illegible]cham	262	+ 6
[illegible]	253	+ 9
[illegible]	151	+ 9
[illegible]	305	+ 11
[illegible] Home Stores	354	+ 12
[illegible]	153	+ 7
[illegible]	396	+ 14
[illegible]eral Accident	167	+ 7
[illegible]	388	+ 8
[illegible]	235	+ 8
[illegible]se of Fraser	94	+ 5
[illegible]	242	+ 5
[illegible]ds Bank	230	+ 10
[illegible]ns (J.) "A"	156	+ 6
[illegible]ks & Spencer	237	+ 9
[illegible]shall's Universal	160	+ 10
Press (Wm.)	291	+ 4½
Reed Intl.	272	+ 7
Reyrolle Parsons	61	+ 6
Rockware	61	+ 5
Sainsbury (J.)	180	+ 5
Serck	38	+ 7½
Tilling (Thomas)	61	+ 4½
Trafalgar House	112	+ 5
Tube Investments	272	+ 14
Wood Hall Trust	85	+ 5
Shel Transport	292	+ 10
Cons. Murchison	650	+ 20
Deelkraal	65pm	+ 20
De Beers Defd.	280	+ 5
Pancontinental	305	+ 15
Selection Trust	635	+ 20
FALLS:		
Gestetner "A"	149	— 6
Hall (Matthew)	108	— 5
Lamson Inds.	83	— 10
Durban Deep	930	— 20
Lydenburg Plat.	95	— 7
Ventersport	880	— 20

(FT stock indices and FT-Actuaries summary Page 35.)

'Irreversible shift of power' to workers in air and ship Bill

BY MICHAEL DONNE and JAMES McDONALD

Wide scope for extending the nationalisation of the aerospace and shipbuilding industries, and the insistence on much greater "industrial democracy" in both of them, are two of the features in the Government's nationalisation Bill, published yesterday.

Although the precise formula is left vague, the Aircraft and Shipbuilding Industries Bill contains clauses which clearly leave the way open for further companies to be taken over at a later date, especially in the aerospace and related sectors.

There is no ambiguity, however, about the requirement to consult with the workers on advancing industrial democracy that will be imposed on the two new corporations to be set up—British Aerospace (instead of the originally proposed Aircraft Corporation of Great Britain) and British Shipbuilders.

British Aerospace will employ about 70,000 and British Shipbuilders about 95,000.

Mr. Wedgwood Benn, Secretary for Industry, said at a Press conference on the Bill yesterday that it placed an obligation on the two corporations "to have full regard to the need to promote industrial democracy in their undertakings.

"The Industry Bill contains a similar provision for the NEB but this is otherwise a new departure for nationalised industries legislation.

"This will be reinforced by an obligation on each corporation to include in each annual report a review of its progress towards full industrial democracy.

"These provisions demonstrate the importance the Government attaches to this question. They underline our intention to bring about in these industries a fundamental and irreversible shift of power in favour of all those who work in the industry—by hand and by brain."

Mr. Benn also made it clear yesterday that he hoped to see the Bill law by the end of this Parliamentary session, despite the pressure of other business, with vesting day early in 1976.

Bill details, Page 8: Nationalisation for the sake of it, Page 18: Lex, Back Page

Setting out the details of the compensation to be paid, the Bill says it will be in Government stock, and based on the average values of securities quoted on the SE on each Wednesday in the six months *up to and including Wednesday, February 27, 1974.*

Unlisted securities will be valued by agreement between the Secretary of State and a stockholders' representative (or failing agreement by an Arbitration Tribunal under a legal chairman appointed by the Lord Chancellor), as if they had been listed in the same period. Mr. Benn declined to say how much he thought this compensation *would amount to.*

Asked whether the basis of compensation could be regarded as fair, Mr. Benn quoted nationalisation precedents but did not answer a subsidiary question which suggested that these precedents—as in this Bill—based [illegible] average share values over a period—had not been drawn in a period of raging inflation.

Mr. Benn said he had not "sounded out" or approached anyone he might be considering as chairman of each of the Boards. "I am not yet authorised to do so," he added.

But there is a belief growing within the shipbuilding industry that Mr. Benn would like to see a trade union leader as the first chairman of British Shipbuilders.

The Shipbuilders and Repairers National Association, in a first reaction, concentrated yesterday on two points. "First, the Bill concerns the terms on which *compensation is to be made and,* as is known, these are regarded by members as totally unfair. The association will use every *means at its disposal to secure a* substantial improvement in the terms."

Arbitration on compensation for non-quoted companies is expected to be bitterly fought by shipbuilders, with inflation between end-February, 1974 and vesting date in 1976 used as an *argument for improved terms.*

Continued on Back Page

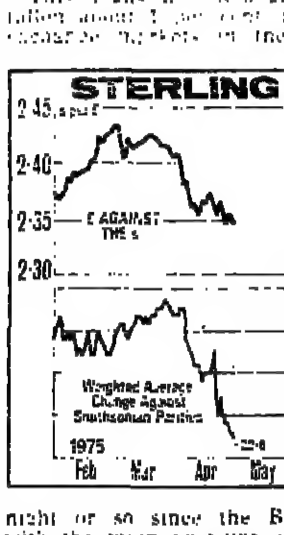
Healey against lower pound

By William Keegan, Economics Correspondent

MR. DENIS HEALEY, the Chancellor, yesterday stated that he did not wish to see any further depreciation of sterling in the foreign exchange markets. The Chancellor's comments came after the pound had drifted down to a new low level of 22.8 per cent. below *December 1971* levels, compared with 22.7 per cent. on Wednesday.

Yesterday's fall took place in a quiet market, with most Continental centres closed for the May 1 holiday. Sterling's movement against the dollar was quite sharp—down from $2.3520 to $2.3485.

This is [illegible] the pound has fallen about 1 per cent. in the exchange markets in the fort-



night or so since the Budget, with the main pressure coming after a Sunday newspaper's suggestion that Mr. Healey and the *Treasury were aiming at a 4 to 5 per cent. further depreciation from the 21.7 per cent. recorded* a few days after the Budget.

Mr. Healey yesterday complained of "irresponsible comment" about the Government's exchange rate policy. "I should like to emphasise now that I do not want to see a further depreciation of sterling," he said.

After warning that a continued downward drift in the pound would put further pressure on domestic costs and prices, however, the Chancellor conceded yesterday: "Unless and until we bring down the rate of inflation in the U.K. to that of our main trading partners, there will obviously continue to be a risk of strongly adverse market pressure on the rate."

£ in New York

	May 1	Previous
Spot	$2.3475-3480	$2.3500-3510
1 month	1.15-1.15 c dis	1.22-1.17 dis
3 months	[illegible]	[illegible]
12 months	[illegible]	12.57-12.27 dis

Chancellor's new warning on pay

BY JOHN BOURNE, LOBBY EDITOR

THE GOVERNMENT's pressure on the unions to moderate their wage demands was increased further yesterday when the Chancellor said there was a case for ensuring that the pay guidelines of the TUC should be more rigidly adhered to in the new round of pay settlements. He also indicated that they should be made more stringent.

This follows Mr. Healey's earlier warnings that excessive settlements would threaten employment and could lead to extra cuts in public expenditure.

Asked in the Commons yesterday by a Conservative MP whether the Government should start to renegotiate the social contract on a "broader, tougher and more realistic basis," the Chancellor replied: "There may be a case for reconsidering some elements in the guidelines.

"But I don't think it would be sensible to seek to change the guidelines as they now stand, towards the end of an existing wage round. This would be regarded, and rightly so, as extremely unfair to those who have not yet had the chance to make their settlement."

Answering a Labour MP who raised the question of bringing the CBI into talks about the social contract, the Chancellor indicated that he had in mind talks "with those concerned." Although not sounding enthusiastic about the CBI idea—"whether it is desirable to include the CBI is a matter for consideration"—he did not rule out CBI participation.

The Liberal finance spokesman, Mr. John Pardoe, asked how the Government expected to reduce wage inflation in the coming year when "scandalous increases" for civil servants and higher-salaried people had just been agreed. But Mr. Healey maintained that in these cases the settlements had been the result of inquiries by independent review bodies, which any government tampered with "at its peril."

Answering later questions, Mr. Healey said the minority of workers who had settled well outside the social contract were putting other people and possibly themselves out of work.

John Elliott, Labour Editor, writes: The Government's first aim in the aftermath of the Budget is to persuade the TUC to tighten the application of its guidelines. Ministers are becoming increasingly concerned now that the 30 per cent. level for total increases over the past year, which has become the norm in the public sector, is now spreading to the private sector. The guidelines should not generally be yielding rises much above 20 per cent.

Against this background the Chancellor is now holding a series of informal meetings with the six TUC leaders on the National Economic Development Council and will be having more formal talks with the TUC economic committee on the Budget and allied economic subjects later this month.

The TUC is now turning its mind to the future of its wage guidelines in advance of its annual congress in September, and the Government hopes that this study might lead to some more stringent form of guidelines. There is, however, no firm idea as yet of how this could be done, bearing in mind that two attempts in recent months by Mr. Len Murray, TUC general secretary, to tighten the interpretation of the guidelines have been thrown out by union leaders.

Parliament, page 16

Premiers cool on Wilson plan for commodities

BY BRIDGET BLOOM AND J. D. F. JONES

KINGSTON, Jamaica, May 1.

MR. HAROLD WILSON to-day proposed to the Commonwealth Heads of Government meeting here that a general agreement on commodities be set-up in "an attempt to bring order to the key area of trade in commodities."

In a speech which the British PM sees as a major initiative, he *declared:* "*A generation after the General Agreement on Tariffs and Trade I believe the time has come to balance it with a general agreement on commodities.*"

However, the initial response to *Mr. Wilson's speech*—at least from the Commonwealth leaders at the meeting from the developing nations—was either hesitant or sceptical, and in some cases unmistakably negative.

Mr. Forbes Burnham, the Guyana Prime Minister, spoke with considerable effect immediately after Mr. Wilson and made it clear as far as the developing nations were concerned Mr. Wilson was indulging in "piecemeal proposals" which were inadequate because they were limited to merely one area of the so-called new international economic order to which the third world is committed.

Later in the day, however, several other leaders seemed uneasy with the extremism with which Mr. Burnham had put their case. General Gowon, of Nigeria, for example, although disagreeing with Mr. Wilson's criticism of indexation, argued that it might be necessary to be content with less ambitious beginnings, and the Indians and the Malaysians both took up Mr. Wilson's emphasis on the urgent need to reactivate some of the existing *commodity agreements.*

By the end of the day, only a handful of Governments had come out entirely hostile to the British proposal, though it was widely agreed that it did not go far enough.

Mr. Wilson argued that the common ground which existed between the developed and the developing world on the question *of stable commodity prices could* be translated into fixed general commitments and these into a general agreement on commodities.

The general principles of the GAC would be: recognition of the inter-dependence of producers and consumers; the undertaking of the producer countries to maintain "adequate and secure

Manoeuvring on Rhodesia, Page 6

supplies"; consumer countries to improve access to their markets *for developing producers;* commodity prices to be "equitable to consumers and remunerative to efficient producers and at a level which would encourage long-term equilibrium between production and consumption"; a need to expand food production; and encouragement of commodity processing in developing countries.

The Prime Minister then set out his proposals for six areas for specific action. These included the encouragement of consumer-producer associations and also of commodity agreements in areas where such agreements were appropriate. He also suggested identifying commodities where international buffer stocks would be the appropriate mechanism, and the need to *examine ways of financing such* stocks.

Finally, and as an important complement to schemes for price stabilisation, Mr. Wilson emphasised that schemes to stabilise national export earnings from commodities should be examined, particularly because such a system would help the poorest countries.

He suggested the Commonwealth countries could carry the idea forward in September at the seventh special session of the UN General Assembly if they accepted the general approach.

The response from Mr. Burnham, speaking on behalf of the Caribbean members and also as a man who has taken a leading role in the proposal for a new international economic order, can hardly have been a surprise to the British delegation.

He made it clear Mr. Wilson's proposals did not go anything like far enough.

He said there must be a just relationship between the prices the developing countries had to pay for manufactured goods and the prices they received for commodities. This necessitated restructuring the appropriate international institutions.

He challenged Mr. Wilson's *earlier remarks about the technical difficulties of indexation*—an issue which has generated considerable heat here and where the dismissive attitude expressed in Mr. Wilson's background papers has caused resentment.

The immediate result of Mr. Wilson's initiative is likely to be the setting up by the Commonwealth of a group of experts to look into the issues raised in this debate, and to report back by the autumn.

Stable lads and racegoers clash

BY MICHAEL THOMPSON-NOEL AT NEWMARKET

THE NEWMARKET stable lads' strike boiled over yesterday when a crowd of *nearly 500* race-goers clashed with 150 pickets who were blocking the course. A jockey was pulled from his horse, stable lads were kicked, punched and chased and a TV camera crew was attacked and beaten up by racegoers.

Demands by the pickets, members of the TGWU, for a meeting with Mr. John Winter, chairman of the Newmarket Trainers' *Federation, were eventually met,* although the talks did nothing to resolve the situation.

The strike, which is official, is now said to have the support of 406 of the town's 800 stable lads. They are demanding a £4.47 rise in basic weekly pay to £35.31. The trainers have offered a £3 improvement for longer hours and refused to arbitrate.

As racegoers arrived for the 1,000 Guineas they were picketed at the main entrance. A number of coaches and a pork-pie van turned back, but there was no violence until the stable lads, who claim they are among the lowest paid workers in Britain, vaulted the racecourse railings before the first race and blocked *the course. They sat down at the* two-furlong marker and refused to move.

Police injunctions to "play the game" persuaded them off, but the pickets returned as the horses came out for the second race. Willie Carson, the rider

Racing Page 2; Picture, Back Page

of Pericet, was pulled from his horse while attempting to force his way through. He rode back to the grandstand and shouted to racegoers: "Come on! What are you waiting for?"

A crowd of racegoers rushed down the course. Several stable-lads were attacked, and a TV camera man, his sound recordist and a TV interviewer were punched and beaten.

Another jockey, Bruce Raymond, said: "We were circling around and couldn't get through. Then Lester Piggott said: 'Let's charge,' so I went through with Lester and Greville Starky. We charged on through. It was very dangerous for *everyone.*"

The small number of police present, around 25, was attributed by the Assistant Chief Constable for Cambridgeshire, Mr. Ronald Stone, to a promise by the pickets' leaders on Wednesday not to demonstrate on the racecourse.

Despite yesterday's violence and mayhem, unprecedented in British racing, the stewards of the meeting calmly proceeded to complete the programme.

The wages committee of the Trainers' Federation met again last night, but Mr. Winter said the trainers were unable to improve on their offer. He said: "If we give in now there won't be a single racehorse trained at Newmarket in five years' time. This is an economic crisis and we must all pull our weight."

Extra police will be drafted in for to-day's racing at Newmarket, and for to-morrow's 2,000 Guineas. The police dismissed claims that yesterday's picket line had included "imported militants."

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LOMBARD

Marxism—role of referendum

BY C. GORDON TETHER

THE POLITICAL theme with which pro-Marketeers are making an immense effort to get anti-Marketeers of right-wing persuasion to defect to their side—that a "no" outcome to the referendum would pave the way for a left-wing extremist take-over at Westminster—obviously wont stand up to close examination. What, after all, will the remaining 450 MPs be doing while this takes place? But what of the related proposition that coming out of the Market would operate as a powerful boost to the advance of Marxism by the back-door route through its impact on the nationalisation issue.

A first point to notice here is that continuing British participation in the EEC will not interpose a barrier to the spread of state ownership of U.K. industry which would not exist if we were outside the Community. During recent questioning in the House of Commons, the Prime Minister was at pains to make it clear that there was nothing in our treaty obligations to the market to prevent the Government nationalising any sectors of private industry that it wanted to—or, indeed, the whole lot.

The real question, therefore, is whether the other factors involved are more likely to be *facilitating and encouraging* the nationalisation process if we are within rather than outside. *And I would have thought that the obvious starting place for an* attempt to provide an honest answer to it was an examination of the influence that EEC membership has exercised in this sense since we crossed the threshold two and a quarter years ago.

No dynamism

As is everywhere now acknowledged, entry into the market of 300m. did not have the dynamic effect on the British economy that was expected. In consequence, it failed — as all the available statistics now confirm —to provide the promised spur to industrial investment in this country. At the same time, many British industrialists have evidently taken the view that, given the prospect of a continuing British involvement in the enlarged Community, there was a great deal to be said for concentrating such new investment as they were contemplating in the EEC's "inner zone" — that is, on the other side of the Channel rather than in Britain.

In the circumstances, home industry has continued to languish and that — as the latest turn in the Leyland story has ringed round — has provided the Government with powerful arguments for bringing a large and larger share of private-sector industry and commerce into effective State ownership and/or control. What now has to be asked is whether there are any solid reasons for thinking that a vote to stay in the Market will not merely perpetuate this unsatisfactory state of affairs? And here the fact that pro-Marketeers have manifestly been unable to put any forward surely speaks for itself.

It has, of course, to be recognised that it does not automatically follow from this that coming out of the EEC will so change the environment at home in the investment sense that there will be less scope, as well as less of a case, for official penetration of the private sector. Yet it is certainly arguable that it could go quite a long way towards doing so.

Regeneration

For one thing, the inducement to British companies to locate new investment in other countries in Europe rather than at home would lose some of its force once the U.K. was outside. For another, exchange controls on capital flows would presumably be revised to help bring *about such a change of emphasis.* There is also the highly important point that withdrawal *from the EEC could serve as the* springboard for a national "do it yourself" regeneration—something that is unlikely to get under way if Britain's unsuccess story in the EEC is given a new lease of life. This is not only because withdrawal would relieve us of the considerable burdens imposed as the price of membership — and for which, entry not having had the promised dynamic effect, we are receiving nothing by way of compensation.

It is also because our disentanglement would both leave the Government with more room for manoeuvre in getting the present economic mess sorted out and provide an opportunity to reverse the sapping of the country's morale that life in Europe had combined with other factors to bring about.

Needless to say, much more is involved in the referendum than whether a "No" vote is calculated to speed the socialisation of the private sector or not. But those who do see this as a consideration of substance would do well to realise that their purpose may be better served by casting their vote for a British withdrawal rather than—as pro-Marketeers would have them believe—the other way round.

RACING — BY DOMINIC WIGAN

Guineas goes on despite strike

DESPITE A number of unscheduled interruptions to yesterday's racing at Newmarket caused by a small group of striking TGWU stable lads supported by a far larger crowd of "outside" factions sitting across the course at various times, the 1,000 Guineas programme went ahead.

In a scrappy race for the first fillies classic, which to some extent was overshadowed by preceding events involving various sections of the crowd and the pickets, success went by the minimum distance to Nocturnal Spree, a Supreme Sovereign filly trained in Ireland by Noel Murless's younger brother, Stuart.

With a well-timed burst as the field galloped into the dip, Johnny Roe's mount, hugging the stand rails, got up almost in the last stride to catch and overhaul the French trained Girl Friend, who nearly everyone present in the stands felt had just hung on. The Queen's filly, Joking Apart, racing between the two principals, kept on gamely to take third place a further length behind after disputing the lead throughout.

Leading bookmakers' reaction to the race, which told us little about Rose Bowl, who from fully three furlongs out was continually denied a clear run, was varied. Ladbrokes and Mecca, who had both had the Lambourn filly, One Over Parr, as favourite for the Oaks introduced Rose Bowl as a new 10-1 favourite for the second fillies classic; while William Hill kept One Over Parr as their 10-1 market leader, while bracketing Nocturnal Spree and Rose Bowl at 14-1. The Tote, betting without Rose Bowl, go 10-1 Nocturnal Spree, 12-1 One Over Parr and 14-1 May Hill.

Turning to to-day's racing which, hopefully, will get under way as planned with the Wilbraham Maiden Plate at 2.00, by far the most interesting race of the afternoon, to my mind, is the Jockey Club Stakes (3.35) in which *Dibidale* is sure to be a heavily backed market leader, provided that Willie Carson's mount is anywhere near her best she should win with a good deal in hand. In the absence of that fine Irish filly, Hurry Harriet, Shebeen is taken to fill second place. Thirty-five minutes later I shall not look further than *Brave Panther* for the winner of the Chevington Stakes (4.10). This colt could hardly have been more impressive than when outclassing Royal Dart at the last meeting here.

NEWMARKET

2.00—Nagwa
2.30—Kensington High
3.00—Hurlingham
3.35—Dibidale**
4.10—Brave Panther***
4.40—Dormitor

BEVERLEY

2.15—Gold Ring
3.45—Rosetti
4.15—Crescendo*

SALEROOM — BY ANTONY THORNCROFT

Catherine the Great's brooch

THE LONDON salerooms took things quietly again yesterday while the main action occurred in Geneva, where Christie's is holding a week of sales. The main jewellery sale went on far into the night, but one interesting early price was the £10,000 paid by London dealers, S. J. Phillips, for a diamond and pearl stomacher brooch made for Catherine the Great of Russia. The same brooch had been sold by Christie's when it disposed of the Russian Crown jewels in 1927. Then it fetched only £350—and was bought by S. J. Phillips.

The three-part sale of objects of vertu, gold boxes, and decorative jewellery at Geneva totalled £279,390, with a top price of £15,000 for a Louis XV gold-mounted hardstone aide memoire by Thomas Pierre Breton featuring Chinese scenes. This had once belonged to Beau Brummel and had been estimated to make £10,000. Other good prices were the £8,333 (estimate £6,000) for a Louis XV oval gold snuff box, and the £5,000 for a Louis XVI snuff box by Adrien Vachette.

At Christie's in London an icon sale realised £60,940, but was rather a non event with prices on or below forecast. The top price was the £1,365 paid by Gallery N.39 of Mannheim for a triptych from the 17th century Stroganov School. A Belgian dealer acquired a 16th century Moscow School icon of St. Nicholas for £1,260, and a late 15th century Moscow School panel of an Apostle holding the Gospels for £1,050.

Sotheby's most rewarding sale involved pewter, not a glamorous but a very steady market. Prices yesterday were often comfortably above forecast and the sale totalled £21,761. An 18th century Swiss flagon, with the makers mark of Andre Utin, sold for £1,150 to Mrs. Appleby, a London dealer. It had been estimated at £600-£800. Another good price was the £1,050 paid for a German Guild flagon, makers mark P.S. and probably from Memmingen around 1670. Its estimate was also £600-£800.

The sale of English and continental paintings at Bonham's made £39,630, with a scene of merrymakers by D. Hals selling to Lattier for £2,000. The same price was paid by Van Dam for a Dutch winter landscape by Andries Vermuelen. At Phillips' musical instruments totalled £17,906. A violin by Nicolas Gagliano, of Naples, made in 1755, sold to Lynn for £4,200. Although not in the best of conditions it carried a certificate showing it has had only the one owner since 1903.

At Sotheby's Belgravia, a sale of silver and objects of vertu went for £35,478. A large, heavy, and elaborate Elkington and Co., centrepiece, designed by A. A. Willms and presented in 1894 to Sir John Pender by the Submarine Cable companies, over which he presided, fetched the top price of £7,500. A five-piece tea and coffee set of Edward Barnard and Sons, 1856-58, went for £1,650, and a six-piece tea and coffee set by D. Vollgold and Son, made in Berlin around 1890, sold for £1,250.

Christie's is to hold what it claims as one of the most important picture sales ever held in Rome on June 9. The highlight is a picture by Guercino entitled "The Feast of Abalom," which was mentioned in 17th century chronicles but subsiquently lost. It was re-discovered by a member of Christie's staff in Italy. Another important work is "The Adoration of the Shepherds" by Jacob Jordaens, which originally came from the Mansi Collection of Lucca.

TV Radio

† Indicates programme in black and white.

BBC 1

†9.38 a.m. For Schools, Colleges. 10.45 You and Me. 11.30 For Schools, Colleges. 12.25 p.m. Pobol y Cwm. 12.55 News. 1.00 Pebble Mill. 1.45 On the Farm. 2.02 For Schools, Colleges. †3.58 Regional News (except London). 4.00 Play School. 4.25 The Mole. 4.35 Jackanory. 4.50 Roy Castle Beats Time. 5.15 Wildlife Safari to Ethiopia. 5.40 Magic Roundabout. 5.45 News.
†6.00 Nationwide.
6.45 Cup Final Sportswide.
7.05 Tom and Jerry.
7.10 "Seventh Cavalry," starring Randolph Scott.
8.30 The Good Life.
9.00 News.
9.25 Spy Trap.
10.15 ABA Championship Finals of 1975.
†11.10 Regional News.
11.12 "Deadlock," starring Aldo Ray.

All Regions as BBC 1 except at the following times:—

Wales—12.25-12.55 p.m. Pobol y Cwm. 6.00-7.05 Wales Today. 7.10-7.35 Heddiw. 7.35-8.00 Digon o Ryfeddod. 8.00-8.30 Are You Being Served?

Scotland—6.00-7.05 p.m. Reporting Scotland. 8.30-9.00 Current Account. 11.10-11.12 Scottish News Summary.

Northern Ireland—1.45-2.00 p.m. The Count: results in the N. Ireland Convention election (and 2.22-3.00, 4.35-5.15). 3.58-4.00 Northern Ireland News. 6.00-7.05 Scene Around Six. 8.30-9.00 (and 11.10-11.55) The Count, followed by Northern Ireland News Headlines.

England—6.00-7.05 p.m. †Look North (from Leeds, Manchester, Newcastle); †Midlands To-day (from Birmingham); †Look East (from Norwich); Points West (from Bristol); †South To-day (from Southampton); †Spotlight South-West (from Plymouth).

BBC 2

†6.40 a.m. Open University.
11.00 Play School.
†5.00 p.m. Open University.
7.05 All in the Mind.
7.30 Newsday.
7.45 Family Fare.
8.10 The Old Grey Whistle Test.
9.00 Lady Fey.
9.30 The Money Programme.
10.15 Private Affairs.
11.05 News Extra.
11.25 Closedown: Gary Watson reads "So Which is the Truth?" by Molly Holden.

LONDON

9.30 a.m. Schools Programmes. 11.45 Manfred. 12.00 Rainbow. 12.15 p.m. A Handful of Songs. 12.30 Songs That Stopped the Shows. 1.00 First Report: News, plus FT index. 1.20 Lunch-time To-day. 1.30 Crown Court. 2.00 Good Afternoon Money-Go-Round. 2.20 General Hospital. 2.50 Mid-week Racing from Newmarket. 4.20 Follyfoot. 4.50 Magpie Special. 5.20 University Challenge.
5.50 News.
6.00 To-day.
6.35 Crossroads.
7.00 Husband of the Year.
7.30 Caribe.
8.30 Shut That Door!
9.00 The Main Chance.
10.00 News.
10.30 Who'll Win the Cup?
11.00 Police Five.
11.10 The Friday Film: "The Mummy's Shroud," starring André Morell.
12.40 a.m. For Better . . . For Worse.

All ITV Regions as London except at the following times:—

ANGLIA

1.25 p.m. Anglia News. 2.00 Food File. 4.25 The Romper Room. 5.20 Follyfoot. 6.00 About Anglia. 7.30 The Six Million Dollar Man. 10.30 Probe—Clement Freud, Liberal MP for the Isle of Ely. 11.00 The Odd Couple. 11.30 Who'll Win the Cup? 11.55 Women Who Matter.

ATV MIDLANDS

1.20 p.m. Lunchtime Newsdesk. 4.20 Follyfoot. 5.20 The Flintstones. 6.00 ATV Today. 7.30 Hawaii Five-O. 11.00 Appointment With Fear: "The Curse of the Mummy's Tomb," starring Terence Morgan.

BORDER

†1.25 p.m. Border News. 2.00 Women Only. 4.25 Follyfoot. 5.20 The New Adventures of Superman. 6.00 Border News and Lookaround. 7.30 The Six Million Dollar Man. 11.05 Late Film: "The Comedy Man," starring Kenneth More. †12.35 a.m. Border News Summary.

CHANNEL

1.28 p.m. Channel Lunch-time News, and What's On Where. 4.20 The Adventures of Black Beauty. 5.20 Anna and the King. 6.00 Report at Six. 7.30 Kung Fu. 11.00 The Horror Film "Dracula's Daughter." 12.20 a.m. News and Weather in French.

GRAMPIAN

1.20 p.m. Grampian News Headlines. 2.00 Women Only. 4.20 Follyfoot. 5.15 Wait 'Till Your Father Gets Home. 6.00 Grampian News. 6.10 Grampian Week. 7.00 The Friday Movie: "Viva Las Vegas," starring Elvis Presley. 10.30 Points North. 11.15 The Road West, followed by Road Report. 12.10 a.m. Evening Prayers.

GRANADA

11.05 a.m. Manfred. 1.20 p.m. This Is Your Right. 4.20 Follyfoot. 5.15 Cartoon. 5.20 Crossroads. 6.00 Granada Reports. 6.35 Randall and Hopkirk (Deceased). 7.30 Shut That Door! 8.00 Hawaii Five-O. †11.05 The Korda Season "Lady Hamilton," starring Vivien Leigh and Laurence Olivier.

HTV

1.20 p.m. Report West Headlines. 1.25 Report Wales Headlines. 2.00 Women Only. 4.20 Follyfoot. 5.20 Orbit 5. 5.25 Crossroads. 6.00 Report West. 6.18 Report Wales. 6.35 University Challenge. 7.05 The Friday Mystery Movie: "Linda," starring Stella Stevens. 11.00 Pathfinders.

HTV Cymru/Wales—As HTV General Service except: 1.20-1.25 p.m. Penawdau Newyddion y Dydd. 4.20-4.50 Cantamil. 6.00-6.18 Y Dydd.

HTV West—As HTV General Service except: 1.20-1.30 p.m. Report West Headlines. 6.18-6.35 Report West.

SCOTTISH

1.25 p.m. Road and Weather Report. 2.00 Housecall. 4.19 Follyfoot. 5.20 Professor Kitzel. 5.25 Crossroads. 6.00 Scotland Today. 6.30 The Flintstones. 7.00 Ways and Means. 7.30 Streets of San Francisco. 10.30 Late Call. 10.35 Friday Thriller: "Diary of a Mad Man," starring Vincent Price.

SOUTHERN

1.20 p.m. Southern News. 2.00 Women Only. 4.20 Follyfoot. 5.20 Betty Boop. 5.25 Crossroads. 6.00 Day by Day (Channels 8, 11, 27, 42, 56 and 60). 6.00 Scene South East (Channels 10, 43, 64 and 66). 6.35 Husband of the Year. 7.05 Mystery Movie: Columbo. 8.30 Love Thy Neighbour. 11.00 Southern News Extra. 11.10 Police Story. 12.05 a.m. Untamed World.

TYNE TEES

9.25 a.m. Starting Point. 11.50 Kiri The Clown. 4.25 p.m. The Count of Monte Cristo. 5.20 Follyfoot. 6.00 North East News. 6.05 Division on Europe. 7.30 The FBI. †11.00 "Bride Of Frankenstein," starring Boris Karloff. 12.20 a.m. Late News Headlines. 12.25 Open Bible.

ULSTER

1.20 p.m. Ulster News Headlines. 2.00 The Convention. 4.20 The Convention. 5.25 The Amazing Chan and The Chan Clan. 6.00 UTV Reports. 6.50 Police Six. 7.30 Kung Fu. 9.00 The Convention. 11.00 The Convention.

WESTWARD

12.25 p.m. Gus Honeybun's Birthdays. 1.20 Westward News Headlines. 4.20 The Adventures of Black Beauty. 5.20 Anna and The King. 6.00 Westward Diary and Sports Desk. 7.30 Kung Fu. 11.00 Westward Late News. †11.03 The Horror Film: "Dracula's Daughter" starring Otto Kruger. 12.28 a.m. Faith For Life.

YORKSHIRE

1.20 p.m. Calendar News. 4.25 The Count of Monte Cristo. 5.20 Follyfoot. 6.00 Calendar. 7.30 The FBI. 11.00 The Friday Night Film: "Don't Bother to Knock!" starring Richard Todd.

RADIO 1 247m

(S) Stereophonic broadcast.

6.00 a.m. As Radio 2. 7.00 Noel Edmonds. 9.00 Dave Lee Travis. 12.00 Johnnie Walker including 12.30 p.m. Newsbeat. 2.02 David Hamilton (S) (also on VHF). 5.00 Newsbeat. 5.15 Rosko's Round Table. 7.00 As Radio 2 until 12.33 a.m. Closedown.

RADIO 2 1,500m and VHF

6.00 a.m. News Summary. 6.02 Simon Bates (S) with The Early Show including 6.15 Pause for Thought. 7.02 Terry Wogan (S) including 8.27 Racing Bulletin and 8.45 Pause for Thought. 9.02 Tony Brandon's Open House (S) including 10.30 Waggoners' Walk. 11.30 Jimmy Young (S). 1.50 p.m. Cricket Scoreboard. 1.55 Good Listening (VHF). 2.02 David Hamilton (S) as Radio 1, but including on 1,500m only (also 202m Scotland) 2.45, 3.45 and 4.45 Sports Desk including at 3.35 from Newmarket: Jockey Club Stakes. 5.02 Waggoners' Walk. 5.17 Sam Costa (S) including 5.45 Sports Desk. 6.45 Sports Desk. 7.02 Just for Fun. 7.30 Cricket Scoreboard. 7.32 Johnny Gregory conducts the BBC Radio Orchestra (S). 8.32 Friday Night Is Music Night (S). 10.02 Sports Desk. 10.05 Len Jackson (S) with Music Through Midnight including 12.00 News. 12.31 a.m. News Summary.

RADIO 3 464m, Stereo & VHF

‡ Medium Wave only.

7.00 a.m. News. 7.05 Overture (S). 8.00 News. 8.05 Morning Concert (S). 9.00 News. 9.05 This Week's Composer: Prokofiev (S). 9.55 Violin recital (S). 10.35 Three Voices and Piano (S). 11.20 Words (talk by Robert Conquest). 11.25 Three Voices and Piano, part 2 (S). 12.20 p.m. Orchestral Concert, part 1: Wagner, Petrassi (S). 1.00 News. 1.05 Playbill (S). 1.20 Orchestral Concert, part 2 (S). 2.00 Elizabeth Maconchy talks about string quartets (S). 2.30 Schubert and Schumann piano recital (S). 3.30 Concert Club (S). 4.25 Handel: The Chandos Anthems (S). 5.25 Pied Piper (S). ‡5.45 Homeward Bound. ‡6.05 News. ‡6.10 Homeward Bound (continued). ‡6.30 Study on 3. 7.30 Menuhin with the Berlin Philharmonic Orchestra as soloist and conductor: Bach, Brahms (S). 8.30 Music from Ball (S). 9.05 St. John's Concert (S). 10.05 Dowland (S). 11.00 Night Hath No Winds (S). 11.25 News.

Radio 3 VHF only—6.00-7.00 a.m. and 5.45-7.30 p.m. Open University.

RADIO 4 434m, 330m, 285m and VHF

6.20 a.m. News. 6.22 Farming To-day. 6.40 Prayer For The Day. 6.45 To-day: including 6.50 and 7.50 VHF Regional News. 6.55 Weather, programme news. 7.00 News and more of To-day. 7.27 Sportsdesk. 7.35 To-day's Papers. 7.45-7.50 Thought For The Day. 7.55 Weather, programme news. 8.00 News and more of To-day. 8.27 Sportsdesk. 8.35 To-day's Papers. 8.45 Yesterday in Parliament. 9.00 News. 9.05 Voice Of The People. ‡10.00 News. ‡10.05 Checkpoint. 10.30 Daily Service. ‡10.45 Morning Story. ‡11.00 News. ‡11.05 The Countryside In Spring. ‡11.50 Toby And His Uncle Jake. 12.00 News. 12.02 p.m. You And Yours. 12.27 Twenty Questions. ‡12.55 Weather, programme news, VHF (except London and SE) Regional News. 1.00 The World At One. 1.30 The Archers. 1.45 Woman's Hour from Bristol (‡ from 2.00) including 2.00-2.02 News. 2.45 Listen With Mother. 3.00 News. 3.05 Afternoon Theatre. 4.00 News. 4.05 Any Answers? 4.35 Story Time. 5.00 PM Reports. ‡5.50 Financial Report VHF Regional News. 5.55 Weather, programme news. 6.00 News. 6.15 Brain of Britain 1975. 6.45 The Archers. 7.00 News Desk. 7.30 Pick Of The Week. 8.30 Any Questions? 9.15 Letter From America. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World To-night. 10.45 A Book At Bedtime. 11.00 The Financial World To-night. 11.15 To-day In Parliament. 11.25 Week Ending . . . 11.40 News.

For Schools: VHF only—10.00 a.m.-12.00 and 2.00-3.00 p.m.

BBC Radio London 206m and 94.9 VHF

6.00 a.m. As Radio 2. 6.30 Rush Hour. 9.02 Downtown. 11.03 In Town. 12.03 p.m. Call In—1. 12.45 London News Desk. 1.03 Call In—2. 2.03 206 Showcase. 3.32 The London Gardener. 3.45 The Jobfinders. 4.03 Lobby. 4.32 Home-Run including London News Desk at 5.00, 6.00. 6.30 Sportsfield. 7.00 In Town. 8.00 Good Fishing. 8.30 Guideline. 10.03-2.00 a.m. Popshop.

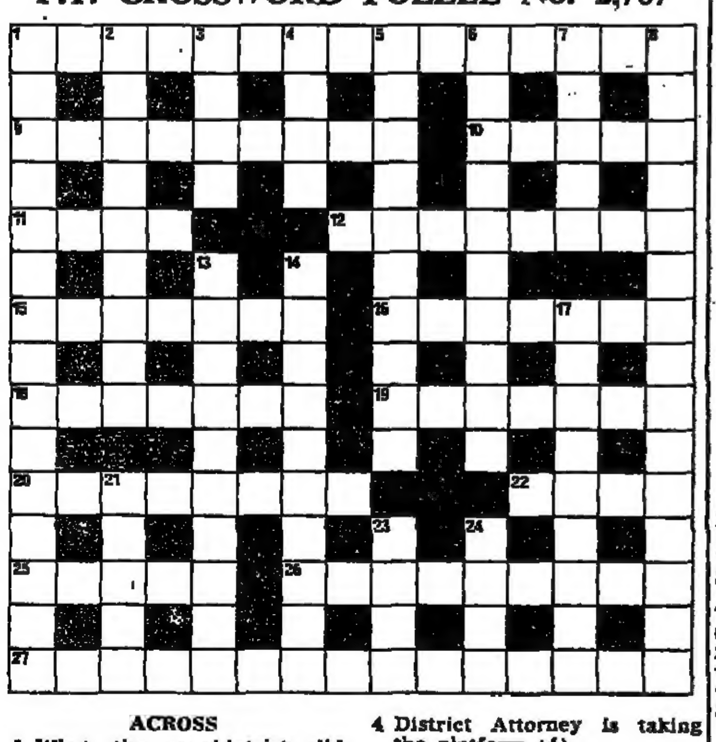
London Broadcasting 261m and 97.3 VHF

6.00 a.m. "AM": news, interviews, traffic and travel news, plus sport, with Douglas Cameron and Clive Roslin. 10.00 Open Line. 12.00 Newsday. 3.00 p.m. Newswatch. 6.00 Newsbreak. 7.30 Music in Stereo, devised by Andrew Carnegie. 9.00-1.05 a.m. Love in London, presented by Adrian Love.

Capital Radio 194m and 95.8 VHF

6.30 a.m. Kenny Everett with 2½ hours of music and madness. 9.00 Michael Aspel with Music, Features, Advice and Swopshop. 12.00 Cash On Delivery with Dave Cash and Music. 3.00 p.m. Roger Scott with Music. 7.00 London To-day. 7.30 Open Line. Phone-in to a London MP. 9.00 Nicky Horne's rock show. 11.00 Tony Myatt's late night on Capital. 2.00 a.m. Night Flight.

F.T. CROSSWORD PUZZLE No. 2,767



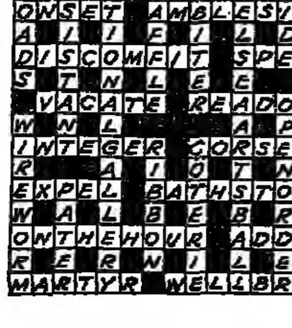
ACROSS

1 What the psychiatrist did flashed through a person's thoughts (7, 4, 4)
9 Registering unusually long liner (8)
10 Thunder round the south gives heart (5)
11 Kicked towards the editor (4)
12 The way to encourage fish (8)
15 Ended race having exceeded the time (7)
16 Bob getting fibre wound (7)
18 Artist turns to opponent landing (7)
19 Two oceans and a feature thereof (4-3)
20 Name no friend goes round in (8)
22 Flamingo birds concealing arid area (4)
25 All together making an exclamation of rebuke before it returns (5)
26 To fix mother with a part requires long-winded explanation (9)
27 Only local rich go to be arranged in correct order of date (15)

DOWN

1 It is currently attractive to choose or come up with ten upstanding in magic (7-8)
2 Shield bearer or butt ever short (9)
3 Right poorly in race (4)
4 District Attorney is taking the platform (4)
5 Darkness and shadow following deadly drug (10)
6 Solemn person forming TT teams (10)
7 Send out children for a publication (5)
8 Spirit arranged a vile tryst showing feeling (15)
13 Obstruction before opening a particle (10)
14 Until a real change occurs it's one-sided (10)
17 Lubricant making furniture more mobile? (6-3)
21 Drive doctor to right (5)
23 Eager to go up after silver (4)
24 Powder found in hospital cabinet (4)

SOLUTION TO PUZZLE No. 2,766



APPOINTMENTS

CONTRACTS AND TENDERS

LIBYAN ARAB REPUBLIC
UNIVERSITY OF TRIPOLI

MAIN TENDER BOARD

International Tender for the Construction of Phase 7 of the University of Tripoli "Language Institute".

A. The University Tender Board invites international and local first grade contractors who wish to tender for the above works to write to the Secretary of the University Tender Board, University of Tripoli, P.O. Box 398, Tripoli, Libyan Arab Republic.

Applications must give full details of current and past projects executed in the L.A.R. and elsewhere, and supply evidence that the Contractor is technically and financially capable of executing the works. Suitable contractors will then be invited to tender. The site of the proposed works is the University of Tripoli campus, Sidi Mesri on the Homs Road approximately 4 km east of Tripoli.

The works generally comprise:

1. A square shape reinforced concrete building, 3 storeys high with a basement area, accommodating language laboratories, tape stores, recording rooms, audio carrels, TV/Film studio, workshops, 2 lecture theatres, cafeteria, seminar and classrooms and other ancillary offices. The project gross area is 27,642 sq.m.

2. External works and utilities for the above project comprise roads, hard standing service mains, drainage, car parks, covered ways.

B. Tender documents will be available as from 1 May 1975 until 1 June 1975 against an unrefundable charge of two hundred and fifty Libyan Dinars (LD 250.00) in one of the forms prescribed in the Tender Statutes. Offers should be submitted to the Secretary of the University Tender Board on Thursday, 31st July, 1975 at the latest.

MAIN TENDER BOARD.
UNIVERSITY OF TRIPOLI.

COMPANY NOTICES

HIGSONS BREWERY LTD.

NOTICE IS HEREBY GIVEN th[at the] TRANSFER REGISTERS in respect [of the] Ordinary Stock will be CLOSED fr[om] 12th May to the 24th May 1975 [both] dates inclusive.

By Order of the Board.
G. W. PARSONS
Secret[ary]

127 Dale Street,
Liverpool L2 2JJ.
2nd May, 1975.

IMPERIAL GROUP LIMITED

NOTICE IS HEREBY GIVEN th[at the] TRANSFER BOOKS of the 4% Uns[ecured] Loan Stock 1975-80 will be CLOSED [from] 16th to 31st May, 1975, both da[tes in]clusive, for the preparation of i[nterest] warrants.

By Order,
P. M. DAVIES
Secret[ary]

London.
2nd May, 1975.

PUBLIC NOTICE

METROPOLITAN BOROUG[H] OF WIGAN BILLS

£750,000 Metropolitan Boro[ugh] of Wigan Bills issued 30th Apr[il] 1975, at 9¼% maturing 30th Jul[y] 1975. Applications totall[ed] £3,750,000. Bills outstanding £[...] million.

BEDFORDSHIRE COUNTY COUNC[IL] BILLS

£4m. Bills maturing on 30th July [...] were offered and issued on 30th [April] 1975 at an average rate of interest 9.24765%. The minimum price acc[epted] was £97.695% and 50% of Bills [...] were allotted at that price. Applica[tions] totalled £28½m. These are the only [...] outstanding.

HALTON BOROUGH COUNC[IL] £550,000—Halton Borough C[ouncil] bills issued 29th April, 1975—due [...] July, 1975 at 9.244 per cent. Appl[ica]tions totalled £2,200,000. £550,000 [...] are outstanding.

EASTBOURNE BOROUGH COU[NCIL] £375,000 bills placed 30th Ap[ril ...] 30th July 1975 at 9¼%. The[se are the] only bills outstanding.

EAST SUSSEX COUNTY CO[UNCIL] £4,000,000 Bills maturing on 30th [July] 1975 were offered and issued on [...] April 1975 at an average rate of [...] p.a.

Total applications for this [issue] amounted to £23,500,000 and there [are] £7,000,000 Bills outstanding.

King's Theatre, Glasgow

Un Ballo in Maschera

by ELIZABETH FORBES

Scottish Opera's new *Ballo in Maschera* is, like their *Lucia di Lammermoor*, a co-production with Netherlands Opera, who first staged it last October. Such joint efforts are a sensible way of beating inflationary costs and will no doubt be practised more often in the future. Meanwhile, this *Ballo*, directed by John Copley and designed by Carl Toms, is a welcome addition to Scottish Opera's repertory.

Set in the Stockholm of Gustav III, the production immediately raises the problem of the Swedish king's character; is he to be played historically, or is he to conform to the conventional figure of the Scribe Somma libretto? There is even a third choice, the compulsive play-actor put forward by Strindberg in his play *Gustav III*, recently seen in London.

Mr. Copley steers a middle course through these rocks, using the score as a chart and Verdi as his pilot. He quickly establishes the king's close relationship with Anckarstroem and affection for Oscar, as well as his love for Amelia; gradually Gustav's deep concern for his people becomes the dominant theme. This reading accommodates both the passion of the love duet and the foolhardiness of the king's appearance at the masked ball—where he is shot, not stabbed—and also his dying farewell to "Miei figli."

Mr. Toms's sets for the palace are appropriately majestic; a picturesque if unweatherproof hut for Ulrica and a spooky place of execution are subtly lit by Charles Bristow, who suggests a northern gloom while allowing faces and expressions to be clearly seen. The library, book-lined, a bust of Gustav in prominent view, is particularly successful. Costumes for the ball are splendid, and there is one stunning visual effect when the revellers, crowding round the wounded king, unmask as the dance music fades away.

Chief musical pleasure is provided by Alexander Gibson and the Scottish National Orchestra, whose love affair, now 16 years old, has lasted longer than most operatic liaisons. Taut, springy rhythms, absolutely precise chords, mellow string tone, combine to enhance the glories of Verdi's score. Charles Craig is a sturdy Gustav, more at home in fisherman's garb than in royal robes, happier working in masculine society than indulging in illicit amours; but his characterisation is consistent and he sings strongly. Jan Derksen, a Dutch baritone with a fine voice, makes a convincing Anckarstroem, and sings in rewardingly restrained style.

Christina Deutekom is a pale Amelia dramatically, but puts adequate motion into her singing. Claire Livingstone's Ulrica is no old hag stirring her cauldron like a witch from *Macbeth* but a respectable clairvoyant who reads the cards and consults a crystal ball. Patricia Hay brings a lively personality and neat vocalisation to Oscar, while William McCue and Pieter van den Berg, as Counts Ribbing and Horn, are believably unconspiratorial. The chorus acts and sings enthusiastically.

Aldwych

Love's Labour's Lost

by B. A. YOUNG

Corinne McCarthy

Susan Fleetwood and Ian Richardson

May, whose theme is ever love, begins happily with the arrival of the Royal Shakespeare's *Love's Labour's Lost*, a little diminished to look at since its Stratford days but full of laughter still. The weather at Navarre under Timothy O'Brien and Tazeena Firth's green-wood ceiling-cloth seems unnecessarily overcast; the mood is sunny throughout until that extraordinary conclusion that parts the ladies of France from the gentlemen of Navarre almost at the moment of their everlasting alliance, but there is little sunlight about.

The performances are gay enough, anyway. Susan Fleetwood is the Princess and Estelle Kohler the sloe-eyed Rosaline, and the ladies are graceful and pretty in their Edwardian party-frocks that contrast so oddly with the centuries-older fashions of the men. David Suchet is the King of Navarre, a rather unkind bit of casting, for the King has to compete with the witty Berowne, and Ian Richardson's matchless Berowne at that, to maintain his position as the man at the top, and Mr. Suchet, though he is an actor I admire, has not quite the necessary physical domination in his bag.

Mike Gwilym gives us a towny Costard from Cardiff, but gilds him with a curious touch of superiority that always nudges him to the centre of attention in any scene he appears in, and this without any unfair scene-stealing. Norman Rodway's Holofernes is a young and vigorous pedant; he has the long-overdue line that rebukes gentry for mocking the efforts of the amateur entertainers ("This is not generous, not gentle") and makes it sound as important as it is but often fails to seem. The nobility in this play never miss a chance to be unkind to their inferiors; even poor Moth (unusually well played here by Martin Lev) catches it.

The light-hearted direction of David Jones concentrates on laughter wherever possible, even when that involves some occasional grace-notes added to the text. But it never departs far from the right courtly spirit; the "Russians" are no more than Navarraise courtiers in fancy dress, the rustic entertainments of the last act are conceivably devised by the contemporary British Legion for a jubilee. Tony Church's admirable Don Armado does not exaggerate his affectations. The audience laughed happily throughout the evening, and so did I.

Ben Gazzara in 'Capone'

Cinema

Jacobean Chicago

by RICHARD COMBS

Capone (X)	Rialto
Breakout (AA)	Columbia Theatre, Astoria
Paper Tiger (A)	Odeon Leicester Square

The careers and personalities of the gangsters and bootleggers who will forever characterise Chicago in the 1920s are now so familiar that their actions — the alliances, betrayals, and above all the internecine slaughters — have acquired a sense of ritual as hallowed by classical tragedy. The events taking place in a garage on Clark Street, on St. Valentine's Day, 1929, viewed through many layers of screen myth, may seem as resonant and predestined a purgation as the last act of some Jacobean revenger's tragedy. But the point of this modern production is usually that such resounding occurrences, however satisfyingly final they appear as action, resolve nothing; the old gangsters are replaced by new.

Such point was wittily and effectively made a few years ago by *The St. Valentine's Day Massacre*, a film which brilliantly employed an off-screen commentary to sort out the tangled plot of gang warfare, to shepherd the participants to their individual destinies and, as a form of scene-setting, to make such impudent connections as the coincidence of the stock market crash and the invention of Mickey Mouse.

Capone is another version of the drama staged by elements of the same company: Howard Browne wrote both this and *St. Valentine's Day*; Roger Corman, producer and director of the earlier film, functions here only as producer, leaving the direction (evidently unwisely) to Steve Carver. Neither very supple in suggesting the whole Prohibition ethos in which these gansters took such firm root, nor very lucid in mapping out the admittedly devious course of their private warfare, *Capone* settles for hanging everything on one star performance: Ben Gazzara's impersonation of Al Capone and his rise from canny young sidekick and hot-blooded "enforcer" of the smooth Eastern syndicate men to crime czar in his own right.

At first sight, Gazzara looks more the part than the long-featured, decidedly non-Italianate Jason Robards Jnr. in *St. Valentine's Day*. But where the latter's attacks of ethnic outrage and clannish indignation were directed to a kind of cerebral, hysterical and therefore distancing pitch, never allowing Capone himself to swamp the film's overall sense of the strategy and significance of events, Gazzara's performance is clearly the kind intended to build in power and, all-embracingly, to carry the film with it. Unfortunately, his portrayal never for a moment builds beyond the sum of his actorish tricks and mannerisms, the most crippling of which is an apparent attempt to match the density and solidity of Brando in *The Godfather* by apeing his moving-under-water gravity of speech and gesture and by employing the kind of apparatus that gave such bulk to the Godfather's jowl-line and made his dialogue so hard to understand.

Also in the style of Coppola's film, *Capone* attempts some sort of epic structure and statement, with its title character moving from ambitious, cut-throat youth to broken, betrayed-in-turn old age, last seen sitting by a pool, his mind destroyed by syphilis and running riot with fantasies as to how society is being undermined, not by its so-called "No. 1" enemies but by Bolsheviks. The epic style, however, calls for more than a sure-fire instinct for dovetailing one inevitable (or predictable) event into another.

In its actual reconstruction of the violent events that were Chicago landmarks during that decade, *Capone* does a reasonably efficient job; though nothing to approach the bravura sequences of *The St. Valentine's Day Massacre*. Its cut-price approach in this respect seems quite openly acknowledged by the fact that the makers don't even bother to reconstruct the massive assault on Capone by Hymie Weiss while the former is dining in a restaurant, but simply lift the scene from the earlier film. To little effect, however: the very stolid way one such encounter follows on another, propelled by nothing more forceful than the flashy performance of the star, finally suggests that a TV late-show slot is the only form in which this kind of instant myth-into-soap-opera could be shown to good advantage.

The Entertainment Guide is on Page 11

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By contrast with such historical shenanigans, and compared with the current vogue for fictional crime capers to wrap themselves in endless complications of plot, *Breakout* contains very little story at all. In fact, the plot is virtually dispensed with in the opening minutes, in which John Huston as a high-level, corporate wheeler-dealer (and sole occupant for most of the movie of a cavernous board-room) agrees with a henchman that his grandson (Robert Duvall) has become a danger to their concern, and arranges for him to be framed on a murder charge and consigned to a Mexican prison. The film never bothers with any more details about the crimes involved—real or contrived—and settles down for standard high adventure as homelier free enterprise, in the form of flier Charles Bronson who accepts from Duvall's wife the assignment of springing him from gaol.

Given that the movie is working for most of the time on a canvas so broad as to be dangerously thin—a large, lush score by Jerry Goldsmith, energetic Panavision photography (a lot of it from the air) of the Mexican countryside and of the various sorties against the mountain-eyrie prison—it does surprisingly well to anchor its lighter-than-air premise in some solid characterisations. All the small parts are beautifully played: from Randy Quaid (the brig-bound sailor in *The Last Detail*) as Bronson's sidekick, cajoled at one point into donning wig and make-up in order to enter the fortress as a prostitute, to Sheree North as an old flame of Bronson's, now tied by a not very secure lead to the local sheriff, and Alan Vint as the helicopter pilot who supplies the transport for their final assault, but refuses at the last minute to be a part of it, insisting that he is in love and not about to risk his neck.

Breakout, in short, is the kind of adventure film that ends up looking a good deal more solid than it should; managing—where *Rosebud*, with all its footling pretensions, did not—to give its starry cast something to do, and keeping a tight enough rein on its tendency to sprawl lazily over the wide open spaces of both screen and story to remain reasonably entertaining.

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Entertainment of a low, old-fashioned, and even distinctly pernicious kind is dispensed in spadefuls by *Paper Tiger*. The plot concerns one of those mythical realms of the Far East, beset by corrupt government officers and equally nasty revolutionaries, but to which such gentle old reminders of Empire as David Niven, in the shape of a Walter Mitty-ish schoolmaster, can still lend a touch of class.

The script at one point allows the girl revolutionary in charge of kidnapping Niven and his little Japanese pupil (son of Japanese ambassador Toshiro Mifune) to embrace the purpose of their [illegible] a very modest [illegible] treatment for their comrades in prison. Despite this and other such disquieting asides as the film permits itself—the Foreign Secretary is portrayed as an unprincipled hedonist enjoying the luxury of a swimming pool and a slinky, bikini-ed Eurasian girlfriend—the climax is all Boys' Own action, with the government helicopters swooping to make short work of the guerillas.

Quaintly, dishonourably old-fashioned in its view of the naive hot-headedness of bomb-throwing insurgents, and in its sympathy for the well-meaning eccentricity of such Empire loyalists as Niven's Mr. Chips, *Paper Tiger* also looks very long in the tooth in terms of style. The latter has been tailored to allow for the greatest possible number of tiresome reaction shots, and firmly cramps the actors to type. Not so painful a process in the case of David Niven, who is well tried at propping up such rickety vehicles; but Toshiro Mifune scarcely survives being jammed into a Western business suit and the role of worried parent, only once being allowed to let go and swing his ceremonial sumrai sword through the air, to little purpose but with great relish.

Nigel Andrews is ill.

Queen's, Hornchurch

The Piggy Bank Spree

by B. A. YOUNG

The new Queen's is a handsome 500-seat house with the seating in one layer of "Continental" style, that is, with no centre aisle but enough room between the rows to let people in and out without trouble. (The gap in this instance might have been an inch or so wider.) There is a very big proscenium opening with an apron stage, and uncommonly generous space behind the stage. The front of house amenities are friendly and convenient.

The Piggy Bank Spree does not mark the official opening, but it is the first new play to be presented, an occasion marked by a visit from the French Ambassador on its first night. He may, if he is well-informed theatrically, have felt a slight sense of disillusion, for though *The Piggy Bank Spree* is Anthony Peters' version of Labiche's *La Cagnotte*, it has been adapted not from the French but from a German version by Peter Stein playing in Berlin. Perhaps this Teutonification is what accounts for the play's considerable length (over three hours) and the excessively painstaking detail in which the initial plotting scenes are worked out.

The plot, if it may be described so, depicts what happens to a family of simple provincials when they pass a day in Paris to spend the savings that have collected in their piggy bank. Once it gets going, it leads to some funny scenes, in the best tradition of French farcical comedy, in a restaurant, in a police station whither the party has been taken under suspicion of shoplifting, and in a smart brothel of impeccable respectability. The final scene, which I suspect owes more to Herr Stein than to M. Labiche, is in a street-market, where the entire party is left at the final curtain in total and irremediable distress.

There is some able playing by Giles Phibbs, Brenda Kempner, Shaun Curry, Penny Jones and John Rainer as the unhappy party, but the real heroes of the evening are the stage hands. There are five elaborate, if not altogether solid, sets by Hugh Durrant, and Paul Tomlinson's thoroughgoing direction calls for such things as the destruction of a stone wall with a pickaxe and the wrecking of a street fruit-market in a thunder-storm raining real water. I was immensely impressed. After the first act I was pretty well amused, too, but that initial scene, so full of irrelevance and tedious detail, is a high hurdle to leap.

'The Grand Duchess of Gerolstein'

The Welsh National Opera's production of *The Grand Duchess of Gerolstein* was by Malcolm Fraser, with dances by Sally Gilpin, and not as stated in yesterday's review.

Iran, Saudi Arabia will see 'Upstairs, Downstairs'

Upstairs, Downstairs, the [Lo]ndon Weekend Television [dr]ama series which has already [ear]ned around £1m. in foreign [ro]yalties, has been sold to Iran [an]d Saudi Arabia, bringing the [nu]mber of countries taking the [pro]gramme to 29 and its total [au]dience to more than 200m.

The latest sale of what LWT [de]scribes as "the most success[ful] and honoured television [ser]ies of all time," was [an]nounced by Mr. Richard Price, [the] company's overseas sales [dir]ector. He said that London [We]ekend's share of overseas [ma]rkets had increased each [yea]r since the company went on air in 1968.

Coliseum

Harlequinade

by CLEMENT CRISP

Quite what one is to make of Valery and Galina Panov's appearance with Festival Ballet last night is hard to decide. Pleasure, of course, that after their troubled past they are performing in the West; but total dismay at what they danced, and their manner of dancing it. The *Harlequinade* pas de deux, which, for unfathomable reasons, they chose as the vehicle for their joint debut, is a choreographic disaster area. Long ago in Petersburg, Riccardo Drigo provided a score for Marius Petipa with this title, but the circus act in which the Panovs rampaged is baldly credited as: "Valery Panov after Fokine," an attribution all the more puzzling in that it represents every empty cliché of virtuoso display against which Fokine rebelled. A crass assemblage of tricks, frantically winsome in manner, it compounds its felonies further by inserting Swanilda's last act variation from *Coppélia* for Galina Panov's variation. Fokine it certainly isn't, and for my money it is hardly choreography at all, but a cheap-jack and rickety collection of tasteless steps, vehemently and unstylishly danced.

A truncated white pillar provides a kind of personal column from which Mr. Panov unleashes a series of demi-caractère leaps and spins and a good deal of elfin roguishness. Galina Panov in her turn shows that she can perform multiple pirouettes and fouettés, but of the elegance, style and artistry that we might have expected from Kirov artists, there is hardly a trace from either dancer. It is, in sum, an interlude best excused as an over-exuberant visiting card; one can but hope that their later performances will confirm them as performers worthy of their school and its illustrious traditions.

The evening has begun with a depressing *Les Sylphides*, sabotaged by having the score performed by a pianist at the side of the stage. The presence of a grand piano in Fokine's moonlit glade is preposterous; the mauling of Chopin's tempi, which we accept from an orchestra as concomitant with the choreography, becomes insufferable when heard in the music's original form. Happily, the programme included *The Prodigal Son*, with Paul Clarke, Patricia Ruanne and Kenn Wells superb in their original roles. Mr. Clarke's performance seems to me to be one of the finest things Festival Ballet has shown us in all its 25 years; the sensitivity and brilliance of his dancing—alert in rhythm, touching in dramatics, illuminated by a youthful charm and bravura—make this an interpretation to be seen and savoured again and again.

Ambassadors

Hinge and Bracket

by MICHAEL COVENEY

After their recent parish hall recitation of Gilbert and Sullivan at the Mayfair, Dr. Evadne Hinge and Dame Hilda Bracket (alias George Logan and Perri St. Clair) re-surface with a late night entertainment (11.15 p.m.) hard on the farcical, scampering heels of Ray Cooney and company in *There Goes the Bride*. The curtain rises on the maidenly couple slumped over their sherry, wistfully reminiscing on bygone triumphs with The Amateurs. Our presence is a surprise, an unexpected but appreciated intrusion that prompts enactment of a few highlights from the past.

These highlights invariably illustrate some minor detail of the artistes' professional relationship: a chorus from *Ruddigore*, taken at breakneck speed, rekindles a long forgotten argument about correct tempi for the piece; a swaying, outlandish version of a Jessie Matthews number prompts salty anecdotes of entertaining the troops in Cyprus; and a disastrously befuddled aria from *Il Trovatore* tops the likely story of how Dame Hilda, on a trip to Italy with the over-60s club, found herself on stage at La Scala and in receipt of a large quantity of market produce.

As previously, the gently needling, not too acidic friendly banter between the two makes for some very funny exchanges. Only when the act starts to slip into a more predictable drag act routine does their command weaken—especially so during an over-long and untidily slap-dash parody of an unspeakable, unactable murder thriller. But they pull themselves together in time to transport us to the Last Night of the Proms, with Dame Hilda as Constance Shacklock stoutly leading the final chorus. Other musical items that are discharged with affection and outrageousness in equal measure include Noel Coward's "Zigeuner" and Ivor Novello's "Lilacs."

WORLD TRADE NEWS

Record Australian exports despite lower prices

BY MICHAEL SOUTHERN, AUSTRALIA EDITOR

SYDNEY, May 1

AUSTRALIA'S EXPORTS continued to run at the record levels established in the December quarter of last year in the first three months of 1975. Statistics released to-day show that the country exported goods worth SA2.1bn. (£1.2bn.) in spite of the severe falling off in wool and beef prices.

The figures show a trade surplus for the quarter of SA338m. (£193m.)—an increase of SA326m. (£186m.) on the December quarter and comparing with a balance of SA177m. (£100m.) in the March quarter of 1974.

This improvement reflects the sharp downturn in imports as a result of direct action by government to protect local industries such as textiles, cars and others that were threatened last year as a result of the easier import policy and tariff cuts introduced by the government.

Imports stood at a value of SA1.7bn. (£1bn.), a 23 per cent. (SA266m.) fall on the December quarter when imports were SA2bn. (£1.14bn.). In the September quarter, Australia's imports were a record SA2.1bn. (£1.2bn.).

Although no detailed figures are given the March quarter is stated to have shown a significant increase in the value of coal, sugar, cereals, metal ores and chemicals, more than offsetting the traditional major export earning sectors of wool and meat. The biggest rise in import costs came from petroleum, chemicals, machinery and transport equipment.

Invisible credits, at SA547m. (£312m.) were 16 per cent. above the March quarter of 1974, mostly because of the inflow of substantial funds from overseas insurers to pay for the Darwin disaster.

But the overall invisible deficit was SA457m. (£261m.), or 10 per cent. more than the March quarter of last year. On seasonal adjustment, the invisible deficit was SA470m. (£268m.).

On current account, the March quarter produced a deficit of SA140m. (£80m.)—a drop of 72 per cent. from the deficit of SA354m. (£202m.) in the December quarter. Seasonal adjustment showed the deficit at SA140m.

There was capital inflow of SA144m. (£85m.) in the first 1975 quarter, a drop from the SA178m. (£101m.) of the December 1974 quarter. In the March period last year there was a modest outflow. Examination of the current account, however, shows that the quarter saw an outflow on SA33m. (£19m.) on account of Government and marketing authority transactions, and implies a net inflow of SA177m. (£101m.) for private capital. As such, this represents a significant drop on the December quarter inflow of SA371m. (£212m.).

Measured by net monetary movements, the overall surplus was SA25m. (£14m.) against a deficit of SA144m. (£85m.) in the December quarter, and the deficit of SA248m. (£147m.) in the March quarter of 1974.

Official reserve assets at March 31 stood at SA3.2bn. (£1.82bn.).

Encouraging as the figures are, they need to be read against a background of a devaluation of the dollar last year of 12 per cent (money movements have since upped the weighted balance of the Australian dollar by around 5 per cent.) and the harsh policy line taken by Government to block imports in order to protect the local companies and preserve jobs.

The policy is working particularly in the car industry (where strict quotas and higher tariffs govern imports) and in textiles (where a significant drop in imports has taken place when compared with the amounts that flooded in last year). But the inflow of private capital has not reached anything like the height of the boom and immediate post-boom period, and there are still fears among industrialists and others that the capital necessary for development will not come in under the present Government and while current economic policies prevail.

These fears were allayed a little here this week when members of a major European investment team, including leading British, German and Dutch institutional investors and banks, began an intensive tour. One of the group, Mr. Anton B. Bunker, vice-president of the Dutch groups Rolinco and Robeco, said the Rolinco group was holding 3.81 per cent. of its portfolio in Australia—the equivalent of its British investments.

Australia, he stated, was "a paradise when compared to the U.K." Since the end of 1973, the two groups had placed some SA30m. (£17.1m.) in Australia, when a conscious decision was made to put more money there. The group has significant holdings in the Bank of New South Wales, BHP, CRA and CSR, as well as Western Mining Corporation. In all, it is understood that the group has SA60m. (£34m.) invested here.

Meanwhile, talks are to be held in Canberra to-morrow and on Saturday on trade arrangements. Among other things, the Japanese are pressing for an easing of the import restrictions in Australia, while Australia is said to be looking earnestly at greater access to the Japanese beef market, which has been re-opened.

First Nomad aircraft goes into service

BY KENNETH RANDALL

CANBERRA, May 1.

THE FIRST production model of the Australian STOL (Short Take-Off and Landing (utility aircraft, the Nomad, has been handed over to Nationwide Air Services at Sydney Airport. Nationwide Air, a subsidiary of Mr. Rupert Murdoch's News Ltd. Group, is Nomad distributor in Australia, New Zealand, Papua, New Guinea, Fiji and the Pacific Islands.

Government Aircraft Factories, which is building the Nomad, is sending a second production unit to Sydney to be prepared for demonstrations in London, the Paris Air Show and, in June-July, a tour of Central and South America.

Senator James McClelland, Minister for Manufacturing Industry, said the first Nomad for the Australian Army (which has ordered 12) was nearing completion, and another would be delivered in about two weeks to Aeromaritime International Corporation, the distributor for South-Eastern Europe, the Middle East and most of Africa.

Further sales prospects were good, he added, and production by July should be at the rate of four aircraft a month.

India plans to double coal sales abroad

BY OUR OWN CORRESPONDENT

CALCUTTA, May 1.

INDIA EXPORTED nearly 1m. tonnes of coal during 1974-75 and plans to ship at least 2m. tonnes in the current year. Mr. Chari, secretary to the Ministry of Coal and Energy, explained that most of last year's exports went to Bangladesh under the Indo-Bangladesh trade agreement.

Mr. Chari wants more coal sold to other foreign countries, particularly in South East Asia, where Indian coal is competitive with that supplied by Australia. He admits that where exports to Europe or even Japan are concerned Indian coal becomes less competitive because of Indian port inadequacies, which do not permit bulk shipment of coal.

Bulk shipment brings down the freight rate per tonne and consequently the landed price, so Australia is more advantageously placed than India.

Indian coal production rose during 1974-75 to 88m. tonnes against 75m. in the preceding 12 months. Yet the nationalised coal industry reportedly incurred a huge loss.

Mr. Chari attributes the loss to the rising pressure of costs and higher labour wages. At the current level of production and cost the daily loss in the industry is running into Rupees 500,000 (£26,000).

The Cabinet is believed to have decided to raise prices retrospectively to April 1 by Rupees 22 per tonne, taking the total to Rupees 72 on average. This has already brought strong protests from big consumers such as the railways, cement manufacturers and steel plants. No formal announcement of the rise has yet been made.

Imports of steel to be reduced

By K. K. Sharma

NEW DELHI, May 1.

INDIA IS to cut imports of steel sharply as a result of the expected improvement in domestic production in the current financial year.

The target for steel output in 1975/76 has been fixed at 5.98m. tonnes, against a production of 4.9m. tonnes last year. That represented an improvement of 12 per cent. over the 1973 output.

CDC to run Nigerian sugar

THE Commonwealth Development Corporation is to provide management services for an integrated sugar project at Numan in the North Eastern state of Nigeria. The project is being substantially financed by the federal military government, which is a majority shareholder in the operating company Savannah Sugar.

Other investors include the CDC, Nigerian Bank for Commerce and Industry, Nigerian Industrial Development Bank, Nigerian Agricultural Bank, new Nigerian Development Corporation and Northern Nigeria Investments.

The project is the culmination of a pilot scheme financed by the federal government and the CDC, with the latter providing management and technical services for the pilot scheme.

Savannah sugar will construct a factory to produce annually about 100,000 metric tons of refined sugar. Sugar cane will be grown under irrigation on a nucleus estate of 7,800 hectares and by about 1,100 smallholders who will be settled on neighbouring irrigated lands.

IN BRIEF

East African Railways

East African Railways has suspended all but oil traffic on routes between Kenya-Northern Tanzania because of congestion. Some 14,000 tons of goods are in wagons stranded between Moshi and Dar Es Salaam, and 350 wagons are lying idle because of congestion in the area.

Wiggins Teape

Wiggins Teape achieved record exports in 1974, Mr. John Worlidge, new Director of Overseas Operation, states. From the U.K. mills and factories the company shipped paper products worth £33m., or 27 per cent. of total exports of the U.K. paper industry and 43 per cent. above Wiggins Teape's 1973 figure.

German machine

West German machine industry's order inflow this year will show a drop below 1974 in real terms, mainly because of weaker foreign demand. Demand from developing and oil-producing countries is still active, but not enough to compensate for lagging interest from industrialised nations. Volume of deliveries will rise for a time because of orders in hand. But new orders are more than 20 per cent. below 1974.

Pakistan imports

A Pakistan trade mission left India yesterday indicating immediate interest in buying pig iron, coal, coke and tobacco leaves. Pakistan will examine further details and specifications of engineering goods in which it is also interested. Both sides will exchange specialised purchase and sales teams as and when required. Action will be initiated through their respective shipping agencies to negotiate and determine freight rates applicable in respect of items of trading interest.

Investment in Japan

Direct foreign investment in 12 Japanese industries was permitted from yesterday, but the Ministry of International Trade and Industry said it knew of no plans for any foreign companies to invest there in the immediate future. The list includes food products, drugs and farm chemicals, clothing, packaging and packaging machinery and gramophone records.

Chrysler Australia

Chrysler Australia is optimistic that negotiations on a possible joint venture with Japanese interests will prove successful. It involves joint manufacture of four-cylinder engines at Chrysler's Lonsdale plant.

Trade restrictions

Mr. Robert Ingersoll, U.S. Deputy Secretary of State, yesterday described as regrettable recent trade restrictions instituted by Britain, Australia and Finland. Many nations, he pointed out, were under pressure to take unilateral action to restrict imports or stimulate exports, ignoring the prospect for resolving trade issues at the Geneva negotiations. "Unilateral action must not be permitted to become the pattern of the future in international trade relations," he declared.

Loan to Denmark

A European Investment Bank loan of Kr.17.5m. (2.5m. units of account) has been granted to the Danish government to help finance small and medium-scale industrial ventures in the less developed parts of the country. The loan raises to Kr.207m. (£17m.) finance provided by EIB since Denmark joined the EEC in 1973.

Contracts Abroad

HYUNDAI GROUP, Seoul, is to build an $88.1m. shipyard for Iran's State-run Persian Gulf Shipbuilding Corporation. It will include a repair dock for 500,000-ton tankers, a building dock for 20,000-ton ships and a training centre.

GEORG FISCHER, Schaffhausen, Switzerland, will build for Metallurgimport, Russia, an automatic foundry to produce steel mouldings for machine tools. The plant, claimed to be one of the largest of its kind, will have an annual capacity of 25,000 tons of steel throughput.

SWISSAIR is selling four Coronados to the Spanish air charter line Spantax, as well as the simulator for flight training.

Brazil to seek joint arms deals in Europe

By David White

RIO DE JANEIRO, May 1.

BRAZIL IS expected to seek joint ventures with arms manufacturers in Europe and the U.S. as part of a programme to build up its own armaments industry.

President Ernesto Geisel is seeking approval in Congress for the creation of a national arms company, Industria de Material Belico do Brasil (IMBEL). The company will take over the Brazilian army's present arms-making facilities, set up its own production, and act in a planning capacity for private initiative and the transfer of technology.

Where possible, the Government intends to hive off manufacturing operations to other companies. The proposed law allows for IMBEL to become a mixed capital company after an unspecified starting-up period. It is hoped that the programme will make Brazil largely self-sufficient in arms, with capacity for exports to other parts of Latin America.

Among the companies unofficially mentioned here as possible partners are British Aircraft Corporation, Britain, Leopard of West Germany, and Armilite of the U.S.

General Silvio Frota, Minister for the Army, said the new organisation aimed to overcome "technological restrictions and internal and external pressures" which had affected the domestic arms supply. Brazilian industry, he pointed out, had so far proved unable to create the kind of infrastructure needed to produce material in sufficient quantity or of high enough quality.

Like Argentina, and more recently Venezuela, Brazil has devoted considerable efforts to producing its own weaponry. Vosper Thornycroft of the U.K. is already collaborating with the Brazilian Navy in the local building of frigates. The Brazilians are producing their own version of an AER-Macchi fighter design, the Xavante.

Although its tank force is surpassed by Cuba and Peru, Brazil's armed forces, with 208,000 men in uniform and a military budget of $1.3bn., are the largest in Latin America.

Talks to begin on non-tariff trade barriers

By David Egli

GENEVA, May 1.

COUNTRIES with trade interests in specific quantitative restrictions are expected to begin detailed exploratory talks next month aimed at an ultimate trade-off of such restrictions, and a general lowering on non-tariff barriers to trade.

The 70-nation sub-group on quantitative restrictions, set up by the trade negotiations committee, has agreed that each country should provide notificaiton to the GATT Secretariat of its interest in the removal or lowering of specific restrictions as applied by other countries, by the end of May.

In June, group discussions will take place between the countries involved, and it is planned that there should be a general review of the situation concerning quantitative restrictions after the summer recess—probably in September.

At that time, the countries involved in the new round of multilateral trade negotiations will decide whether to tackle these problems through a series of detailed requests and offers, or whether, in certain instances, a general formula may be applied for the removal or easing of such restrictions.

Following the lowering of tariffs in the earlier Kennedy round of trade negotiations, and the expectation that the existing level of tariffs will be further lowered through the present negotiations, it is widely recognised that non-tariff barriers to trade, including quantitative restrictions, have become significant factors influencing world trade.

Japanese display for Queen

By Charles Smith, Far East Editor

TOKYO, May 1.

SIXTY JAPANESE department stores and about 170 other retail stores will be staging promotional exhibits of British goods during the Queen's visit to Japan next week, according to the British Embassy here.

The exhibits will also be backed up by cultural or historical displays, including a "Four Queens" exhibition at Mitsukoshi, the biggest and oldest Tokyo department store. Mitsukoshi has brought over about £325,000 of history and art treasures from museums and private collections in Britain to back the display.

The Embassy says that about Y10bn. (£15m.) worth of British consumer goods have been bought specially by Japanese department stores for sale during and after the Queen's visit. The most popular items include Scotch whisky, food, lightweight and sports clothing, china and furniture.

U.K. exports to Japan during the first quarter of 1975 were running slightly below the 1974 level of £75.6m.

In contrast, Japanese exports to the U.K. rose from £124.6m. in the first quarter of 1974 to £145m. in January-March this year.

AMERICAN NEWS

Burns' target for money supply rise

BY PAUL LEWIS, U.S. EDITOR

WASHINGTON, May 1.

FOR THE first time, the chairman of the Federal Reserve has set a public target for the growth of the American money supply—in a bid to satisfy Congressional demands for easier credit to stimulate the economy.

Dr. Arthur Burns told the Senate Banking Committee to-day that he planned to increase the narrowly defined money supply (M1) by between 5 and 7.5 per cent. during the 12-month period ending in March next year.

He said that this rate of expansion would be sufficient to finance "a vigorous recovery" in the U.S. economy, adding that there were already signs of improvement although it was still too early to tell when a full-scale upswing would really begin.

The new target implies some acceleration in the growth rate of the money supply, which was only 3.5 per cent. at annual rates in the first quarter of this year, 4.6 per cent. in the final quarter of 1974 and a minute 1.6 per cent. during the third quarter.

All the same, the extent of Dr. Burns concession to the pressure for a more accommodating monetary stance by the Federal Reserve, should not be exaggerated. The Chairman made quite clear that he still believes a recurrence of rapid inflation is a real danger for the U.S., as it struggles to raise employment.

He was also careful to hedge his new money supply target with plenty of qualifications. Besides stressing the technical difficulty of achieving any precise rate of expansion, Dr. Burns warned that the target rates might have to be "modified" in a month or two as the economy gained strength.

He also said bluntly that they could not be sustained indefinitely without a serious risk of releasing new inflationary pressures and that as American industry returned to higher levels of output "It will be necessary to reduce the rate of credit and monetary expansion so that the basis for a lasting prosperity is laid."

For the moment, therefore, it looks as if Dr. Burns has managed to buy off his critics in the Congress without giving too many hostages to the future. By setting a public growth target for the money supply and consulting Congress about it, he has probably taken the wind out of current attempts to restrict the Federal Reserve's independence. But he has not abandoned his concern over inflation or his freedom of manoeuvre in the future.

THE U.S. Senate to-day established a ceiling of $365bn. for the 1976 Budget—the first time Congress has placed a limit on the overall U.S. Budget. The action was a drastic departure from previous years, when Congress approved separate Appropriation Bills for each Government Department without regard to an overall ceiling. The House of Representatives was expected to approve a similar measure later to-day.

Jay Palmer writes from New York: Mr. Paul Volcker, the incoming President of the New York Federal Reserve Bank this morning warned that the increasing size of the federal budget deficit could pose "serious dangers and risks to the U.S. financial markets."

"While the credit markets could handle a deficit financing programme of up to $80bn." Mr. Volcker said, "anything beyond that range would be a source of great concern." He added that the deficit of $80bn could be handled "without crowding out private sector borrowers."

Mr. Volcker, a former Under Secretary of the Treasury for monetary affairs and a current senior fellow at Princeton University, was speaking at a Press conference to name him as the new President and Chief Executive officer of the New York Federal Bank. Mr. Volcker, whose appointment was forecast earlier this year in the Financial Times, succeeds Mr. Alfred Hayes on August 1.

New Ford-Congress oil price row

BY ADRIAN DICKS

WASHINGTON, May 1.

PRESIDENT FORD appeared to face a whole new dispute with the Democratic-controlled Congress to-day over his latest attempt to decontrol domestic crude oil, and thus to use the price mechanism to reduce U.S. energy consumption.

The President announced his intention of gradually removing controls last night, when he also postponed for a further month the second $1-a-barrel of his fee scheme for imported crude.

The postponement in effect gives Congress a further three weeks to produce an Energy Conservation Bill of its own, since it will go into recess on May 21 for Memorial Day. This was the second time Mr. Ford had delayed the second stage of the scheme, and he appears to have succeeded in encouraging Congressional supporters of a "tough" bill to keep on trying.

Mr. Al Ullman, Chairman of the Ways and Means Committee, expressed confidence last night that work could be completed by May 24, and a Bill sent to the House. Nonetheless, his committee yesterday failed to agree on a mechanism for raising car mileage through higher taxes on "gas guzzlers." In response to furious lobbying by the motor industry, the committee majority voted down every attempt to devise a way to compel Detroit to build smaller and more economical cars, though Mr. Ullman is expected to produce another compromise to-day or to-morrow.

The committee's attitude appears to reflect as well as anything the general lack of urgency in Congress in setting longer-term energy-saving legislation into place. Equally, there is still a strong belief that petrol prices ought to come down, or be held down, and that the U.S. Government should do nothing to help keep them up at the high levels of the past two years.

Congress has voted several times this year against decontrol of domestic crude prices, and it is almost certain to do so again. Under existing legislation keeping the price of "old" domestic crude below a ceiling of $5.25 a barrel, either House of Congress can reject Mr. Ford's latest proposal by a simple majority.

An early test was expected to come with a resolution announced last night by Senator Henry Jackson, who claimed that the result of decontrol would be to add at least $250 to the average family's fuel bill and promised all-out opposition.

Treasury to sell $5bn. notes, bonds

WASHINGTON, May 1.

THE U.S. Treasury will sell $5bn. in notes and bonds next week, Under-Secretary of the Treasury Jack F. Bennett said to-day.

The offering would include an issue of $750m. in 30-year bonds. Proceeds would be used to retire $3.858bn. in notes maturing on May 15 and raise $1.142bn. in new cash. Reuter

ECGD will pay Chile's U.K. debts

By Hugh O'Shaughnessy

THE EXPORT Credits Guarantee Department should this month begin reimbursing the British exporters insured with it who are suffering from the decision of the Chilean government to default on its 1975 debts. The ECGD yesterday said that Chile was "in default situation." The Department normally begins to pay out under its policies six months after policy holders suffer loss.

Thus those policy holders who were due monies from Chile at the beginning of the year and who have not been paid will now be reimbursed by ECGD. Chile is scheduled to pay some £13m. this year for British goods and services, the bulk of which is thought to be ensured with the Department.

Survey shows cut in investment plans

BY GUY DE JONQUIERES

NEW YORK, May 1.

AMERICAN companies have sharply reduced their capital spending plans for this year and in real terms investment outlays will be lower than during 1974, according to the latest survey by the McGraw-Hill economics department.

Planned capital investment now stands at $118.6bn., $6.2bn. or 5 per cent. higher than last year. This compares with a planned increase of $13.2bn. or 12 per cent. for 1975 reported by the preceding survey, which was published last autumn.

McGraw-Hill notes that after adjusting for inflation, the planned increase translates into a net decline of 5 per cent. But it also states that the recent enlargement of the investment tax credit will stop any further cuts in capital spending plans and may encourage an upturn later in the year.

Meanwhile, fresh evidence that the U.S. has not yet begun to pull out of its recession is provided by statistics showing that new orders for factory goods sank 3 per cent. in March to $73.9bn. This drop, the sixth in seven months, is the steepest since last December and follows a 1.6 per cent. rise in February.

Despite this adverse news, the White House remains outwardly confident in its predictions that the recession will bottom out in late spring or early summer and that real growth will resume in the second half. But President Ford's economic advisors are also warning that the next few weeks will see some more bad figures emerging before there is a broad upturn in the indicators.

In line with this forecast the new Labour Secretary, Mr. John Dunlop, told Congress to-day that the unemployment rate has not yet reached its peak but that it does not have much further to go before it stops rising.

Mr. Dunlop said that he expects the unemployment rate to peak around mid-year, though it will probably lag other economic indicators on the upside. He also said that previous administration forecasts of an average 8.1 per cent. unemployment rate during 1975 were a little low.

U.S. MEDICINE

The doctors' dilemma

BY GUY DE JONQUIERES, IN NEW YORK

THE MEDICAL SYSTEM in the U.S. is undergoing considerable strain, to a point where some doctors say that they may be forced to cease practising unless drastic changes are made.

Unlike some of the difficulties for British doctors the problem in America reflects hard financial and legal exigencies rather than political pressures. It stems largely from the astronomic increase in the annual premiums charged by insurance companies for malpractice insurance, which almost all physicians require as an indispensable protection against the risk of law suits brought by patients alleging negligent or incorrect diagnosis and treatment. Malpractice cases are a comparatively recent phenomenon in the U.S.—roughly 90 per cent. of the total have been brought since 1964—and they are on the increase. Statistics are hard to establish precisely, though the American Medical Association claims that the number of cases has soared 1,000 per cent. since 1969. One major insurer, St. Paul Fire and Marine, says that it had one claim outstanding for every ten doctors insured last year, against one for every 23 doctors in 1969.

Even more important, the size of claims and settlements has been rising sharply. One insurance company says that between 1969 and 1974 the average value of claims has almost doubled to $12,500, and in California juries have been awarding settlements worth $1m. or more at the rate of a dozen a year. Awards of as much as $4m. are not unheard of. Very few claims—perhaps as few as 10 per cent. of the total—ever get to court, however, because most physicians would rather settle privately than face the inconvenience and professional embarrassment of a trial.

Doctors blame the spiral partly on inflation, but more on the contention that the major advances in medicine achieved in recent years have led patients to expect impossibly high standards and results. The demise of the family doctor and the growing trend towards specialisation have also played a part, because a dissatisfied patient is more likely to sue a specialist whom he has consulted a few times for a single complaint than a physician with whom he has established a long-standing friendship. From the standpoint of both doctors and their insurers, malpractice claims are a legal nightmare. One major pitfall is the application of the Statute of Limitations, which governs the length of time during which a defendant can be sued for an alleged offence. In most states, the period begins with the moment a patient first discovers an apparent medical malfunction, rather than from the moment when treatment was administered. Thus physicians may suddenly find themselves being sued by patients whom they treated as many as ten or 15 years earlier.

For insurance companies, this so-called "long tail" makes a mockery of actuarial assumptions, and they have sharply increased their premiums both to cover current outgoings and claims against past policies. According to the U.S. Department of Health Education and Welfare total premiums paid by physicians and hospitals for malpractice insurance rose from $61m. in 1960 to $370m. in 1970. In 1973 the total reached $700m. and this year it may top $1bn.

> "The dispute has driven doctors and their insurers into an alliance against the legal profession."

Many large insurance companies are showing sharply reduced earnings and, in some cases, deficits on malpractice business.

In New York, the premium on a $1m. policy for neuro surgeons and orthopaedic surgeons—the two highest risk categories—averages more than $14,000 a year, up from $2,000 six years ago, while general practitioners are now paying an average of $2,700 a year, up from about $650. In some extreme cases premiums may range as high as $50,000-$60,000—more than the annual income of many consultants in Britain.

Needless to say, doctors have passed on most or all the extra cost in higher fees to their patients. Treatment costs have also been inflated by the growth of so-called defensive medicine: tests, X-rays, and so on, which may well be unnecessary for a patient's well being, but which a doctor can use as evidence that he took all possible precautions, should he later have to appear before a jury.

Though most doctors' practices can probably stand even higher insurance premiums, malpractice coverage has become increasingly difficult to obtain. Earlier this year things came to a head in New York State when Argonaut Insurance requested State approval for a 196 per cent. increase of its premium rates. The request was refused by the Insurance Department, whereupon Argonaut promptly announced that it would write no new malpractice policies after July 1.

Argonaut's move and threats of similar action by insurance companies in other parts of the country have unleased a desperate search for a remedy.

Legislative proposals, designed to provide at least a stop-gap relief, are now under study in more than half the 50 States and Idaho and Wisconsin have already enacted bills. Proposals have also been introduced in the U.S. Congress, though their future is rather uncertain, partly because insurance is regulated at State and not federal level. Different States have come up with different approaches. Some would require all insurance companies operating within their boundaries to join a malpractice underwriting pool, whether or not they have issued malpractice policies in the past. Some State Medical Associations have also proposed setting up their own underwriting groups, in which policyholders would also be shareholders. In other States, including New York, publicly-financed funds are also being considered as a fallback, should private insurance channels prove inadequate.

Some States are studying proposals to establish panels, composed of medical and insurance experts and others, to examine physicians accused of malpractice, and issue preliminary verdicts which would, presumably, be entered as evidence in court. Steps are also being taken to amend the Statute of Limitations so as to cut short the "long tail." Meanwhile, many insurers are refusing to provide cover except for claims filed during the year in which a policy was in effect. Doctors seeking retroactive coverage (which is almost essential) must take out a second policy—if they can get it.

The urgency with which the problem is being tackled does not leave much time for a coherent approach to be developed, and in New York State Governor Hugh Carey's proposals are in danger of foundering on inter-departmental and factional squabbles. The legislation adopted in no two States will be identical. This will make it even more difficult to devise a more permanent and comprehensive national policy on the question.

A further obstacle to a thoroughgoing solution is the difficulty of bringing about changes in the law. Doctors argue that few juries have sufficient knowledge of the intricacies of modern medicine to judge a malpractice case fairly and are likely to be swayed by purely emotional prejudices in favour of patients. Physicians also protest bitterly against the doctrine of *res ipsa loquitur* — invoked in malpractice cases, which is unique in U.S. law because it places the burden of proof on the defendant rather than the plaintiff. Thus, a doctor who is sued is required to demonstrate that he is innocent of negligence rather than the aggrieved patient having to prove that he was incorrectly treated.

Lawyers are resisting any sweeping changes, arguing that they could impair the legal redress for patients with a legitimate case. They tend to play down, however, the fact that malpractice litigation is among the most lucrative branches of law, with lawyers charging usually one third, sometimes as much as half, of the total settlement awarded to a successful plaintiff. The gearing of the fee to the size of the settlement is, of course, also a factor in the increasing value of malpractice claims. The dispute has driven doctors and their insurers into an alliance against the legal profession.

To the man in the street, the sight of two such exclusive, privileged and highly priced professions at each other's throats might give rise to a certain wry amusement, if it were not for the fact that it is the health and pocketbook of the average family that is at stake. Indeed, if things get any worse the only people who will be able to afford medical treatment will be doctors themselves—assuming, of course, that there still will be doctors willing to treat them.

EUROPEAN NEWS

Blast after Franco goes by

BY ROGER MATTHEWS

MADRID, May 1.

A CAR exploded in central Madrid to-night, just a few yards from the spot that the 82-year-old Head of State, General Franco, had passed 30 minutes before.

The explosion was heard in a radius of several hundred yards, and it is believed that a timing device set off a bomb, though there was no official confirmation.

General Franco entered the stadium of the Real Madrid football club, where the official trade unions were staging the traditional May 1 dancing and gymnastic display shortly after o'clock.

Though tight security precautions were in operation, police had allowed cars to remain parked in the vicinity of the main entrance to the stadium, through which the General walked.

About 9.30 p.m. the car exploded close to the entrance, although remarkably no one seems to have been injured. Inside the stadium, the show went on, and General Franco, together with millions of television viewers, were unaware that anything had happened.

A searching police inquiry into the affair is certain to follow.

General Franco never ventures forth from his Pardo Palace without his route being lined by police.

If the explosion is proved to have been an assassination attempt, albeit an extremely crude one, it would be the first public admission of a real threat to the General's life for at least two decades.

Spain's May Day was also marked by the now traditional massive display of police strength, scattered shooting incidents (in which this year one man was killed by para-military Guardia Civil), occasional demonstrations, dozens of arrests, and "Molotov cocktails."

The one fatality was in the northern city of Vigo. Guardia Civil opened fire on a group of young demonstrators carrying red flags but missed them and hit a bystander, a 48-year-old nightwatchman.

In the capital this morning hundreds of riot police backed by water cannon, a helicopter and mounted sections blocked off all roads leading to the city's biggest cemetery where members of the Partido Socialista Obrero Espanol (PSOE) were planning to lay wreaths on the grave of the party's founder. The cemetery was closed to the public, foreign correspondents in the area were briefly detained, several other people were arrested by plainclothes officers, and there were ugly incidents when the political police and members of the extreme right wing group "the Guerillas of Christ the King" pulled carnations—the symbol of the Portuguese revolution—from nearby trees.

A correspondent of the British news agency Reuters was later arrested when police moved on to a nearby church where the socialists were rumoured to have gathered. Riot police charged up the steps of the church scattering families who had gathered to attend their children's first communion. Police arrested the Reuters man inside the church where he was told he had no right to be. He was released after being taken to the political police headquarters. Other people detained with him were led away in handcuffs.

The car bomb that exploded this morning in Bilbao — the capital of the Basque country where a state of emergency has been in force for nearly a week—caused some damage but no injuries. A 30-minute warning was given by an unknown caller. Further arrests are also said to have taken place in the region.

Police were also busy in Barcelona to-day trying to forestall demonstrations. Last night shots were fired to disperse nearly 1,000 demonstrators and in a separate incident a police jeep was hit by shots fired from a speeding car. Rubber bullets were used to break up demonstrations on the university campus. Four persons were arrested for distributing leftish literature outside a factory.

Arrests were also reported from many other cities. Twenty people were held in Alicante, 15 in Santiago in connection with an attack on a policeman the previous day, four in Malaga, five in Granada and five in Valladolid.

Dutch say 'no' to Jaguar jet

By Michael Van Os

AMSTERDAM, May 1

THE Anglo-French "Jaguar" jet fighter has been rejected as possible successor of the Starfighters in both the Dutch and the Danish air forces, Dutch Defence Minister Mr. Henk Vredeling has told Parliament in the Hague to-day.

Answering questions, the Minister said that the Jaguar did not meet the (unspecified) requirements for projected duties in the Dutch/Danish air Forces. Referring to its costs, he added that it was hardly any cheaper if the extra radar equipment was installed and additional costs were taken into consideration when compared with the cheapest of the three other contenders.

Mr. Vredeling said that a hastily-prepared offer concerning the Anglo/French Jaguar aircraft had only been received about a week ago. Holland, Belgium, Norway and Denmark will continue with their plan of picking if possible one of the three planes to standardise their programmes.

West German parties gear up for Sunday's polling

BY JONATHAN CARR

BONN, May 1.

THE CAMPAIGN for West Germany's "mini general election" reached its climax to-day as political leaders used May Day demonstrations as a last opportunity to swing wavering voters their way.

As they did so the tone of the campaign became more shrill. For few doubt that at stake in Sunday's polls in the states of North Rhine-Westphalia and the Saarland is anything less than the balance of Federal power in Bonn, and perhaps the future of the coalition government there.

Of the two, that in North Rhine-Westphalia is the more important. It is the country's most populous state, covering the industrial Ruhr area, and it is ruled by the same two parties—the Social Democrats (SPD) and liberal Free Democrats (FDP) which make up the Federal Government in Bonn.

Should the opposition Christian Democrats (CDU) win the absolute majority, then this would be seen as an important signal countrywide. In particular, it would cause the FDP to ponder whether after all, continuation of the alliance with the SPD were not, after all, a recipe for political suicide in general elections next year.

More than that, by taking the state, the CDU would increase its majority in the Bundesrat, the Upper House of Parliament made up of representatives of the Federal states, from 21-20 to 26-15. Further, it would achieve parity representation on important Bundesrat-Bundestag mediation committees, which would enable it to delay Government legislation if not to block it altogether.

The boot is on the other foot in the Saarland, the country's smallest state, if the city states of Bremen and Hamburg are excluded. Here the CDU is in control and the SPD and FDP are fighting to take over government. If they can achieve this, and hold on to North Rhine-Westphalia, then they would turn the present opposition Bundesrat majority to their own benefit by 23—18.

Coalition

It would be too much to say that the Bonn coalition would then be home and dry until the 1976 nationwide poll. But the last major electoral obstance between now and then would have been surmounted and Chancellor Helmut Schmidt could breath much more easily.

It is thus easy to see why the elections are important. It is very much more difficult to say what result is likely to emerge. At the last North Rhine Westphalia elections in 1970, the SPD gained 46.1 per cent. of the vote, the CDU 46.3 per cent. and the FDP 5.5. Since the SPD and FDP are firmly decided to stick together, the CDU must gain the absolute majority—a major effort indeed. As for the Saarland, the CDU gained 47.8 per cent. last time, the SPD 40.8 and the FDP 4.4—thus failing to gather the 5 per cent. needed for parliamentary representation.

Had these elections taken place even two months ago the CDU would have looked the more likely winner. It was then on a crest of public support and the economy looked bleak indeed. Now there are signs that as the unemployed total has fallen, the trend has changed marginally in favour of the SPD-FDP.

Against this must be set the recent outbreaks of German anarchist activity in West Berlin and Stockholm—which have at least partly driven the Government onto the defensive before Opposition elements suggesting that the coalition has been insufficiently tough on law and order.

These two themes—the economy and internal security—have dominated the election campaigns, quite eclipsing local issues, and are exemplified in the pictures and slogans which have sprouted everywhere in the last month or two.

The SPD urges "vote for the (economic) upswing" and accompany this with a picture of a female bosom from which, it is assumed, voters are to draw sustenance. The CDU has chosen a slogan indicating it will bring more security—both economically and otherwise. And they have accompanied this with a picture of a girl sucking a flower and wearing boxing gloves, apparently as a sign that a new political spring with strong government is on the way.

Soares 'may have to face tribunal'

BY JANE BERGEROL

LISBON, May 1.

LISBON'S May Day demonstration to-day became a Communist Party instrument for slighting and further edging out the Socialist Party with the public help of the Armed Forces Movement, the Prime Minister and President Costa Gomes.

While Popular Democrats, also in the fourth coalition Government, were banned from taking part in the rally by its organisers, the Communist-dominated Trades Union Congress Intersyndical, Communist marshals prevented the Socialist Party leader, Dr. Mario Soares, from entering the grandstand until he reportedly managed to break through their cordon and take up a place inside the stadium only minutes before the rally ended.

After Dr. Soares had fought his way into the grandstand he rounded on Armed Forces Movement leaders and attacked them strongly for the events. There was a very unpleasant exchange of words, and the military are reported to have told him he must appear before a military tribunal.

Socialist workers later to-night organised a separate rally in the streets of Lisbon. Earlier this afternoon several extreme Left parties decided to send delegations of their supporters down to the May Stadium to join with Communist Party members in the event of trouble from either the Popular Democrats or the Socialists.

Socialist Party trades unionists were among the crowd whistling and jeering when Intersyndical members addressed the rally. The Socialists, to their intense bitterness, also had to stand by and watch a former party member, Manuel Serra, now leader of the breakaway Popular Socialist Front Party, seated in a place of honour between Communist Party leader Dr. Alvaro Cunhal and Prime Minister Brigadier Vasco Goncalves.

The Popular Socialist Front gained only 1 per cent. in last Friday's elections compared with the massive 38 per cent. earned by the Socialists, and the party is to-day Communist infiltrated.

Crowds of over 100,000, most waving PCP flags, waited for over two hours for the select politicians and armed forces leaders to arrive.

The Prime Minister and President Costa Gomes called on Portugal's workers to make more sacrifices and work harder to get the crisis-ridden economy moving again. Premier Vasco Goncalves said nationalised concerns "should be an example to the nation" while President Costa Gomes said: "More sacrifices, more hard work, more discipline and more democratic authority" would be needed in the future.

Late yesterday, the Supreme Council of the Revolution finally passed the trades union law, which was steamrollered through the third coalition Cabinet against strong Socialist and Popular Democrat opposition, and it gives the Communist Intersyndical Trades Union Congress exclusive status as the top of Portugal's trades union pyramid. This was another slap in the face for Socialists and Popular Democrats at this afternoon's rally.

Meanwhile the Communist Party weekly, Avante, has again attacked the Socialist Party in strong words and called upon the Armed Forces Movement to explain to the people that the Socialism it is encouraging is not the same as that embodied in the Socialist Party programme. All the signs point to Dr. Alvaro Cunhal's decision to hammer the Socialist Party immediately after the April 25 election victory, and not to allow Dr. Mario Soares time to bask in its sunshine.

Talks on Cyprus continue

By Paul Lendvai

VIENNA, May 1.

THE LEADERS of the Greek and Turkish Cypriot communities, Mr. Glafkos Clerides and Mr. Rauf Denktash to-day continued their discussions in what a UN spokesman described as a "constructive, positive and friendly atmosphere."

A communique issued to-day confirmed that the matters of substance examined included the problem of the reopening of the Nicosia International airport. Furthermore the two parties also discussed the question of displaced persons as well as the geographical aspects of a possible future settlement in Cyprus. The talks may now continue later this month or next in Vienna and New York.

For the first time the communique mentioned that Mr. Clerides and Mr. Denktash also discussed the question of missing persons. Both sides reaffirmed that they were not holding undeclared prisoners of war or other detainees.

The talks as before took part under the personal auspices of UN Secretary General, Dr. Kurt Waldheim

BP, Mobil accept Turkish prices

BY METIN MUNIR

ANKARA, May 1.

BRITISH PETROLEUM and Mobil have averted the take-over of their refining assets in Turkey by accepting to import crude oil into the country at prices imposed by the Turkish Government.

The prices are $10.50 for crude for which Turkey will pay in credits and $10.21 for cash, the price which the state-owned Turkish petroleum company imports crude from Iraq, according to oil sources. It is higher than the $10.09 for light Arabian and $10.21 for Kirkuk that the Turkish Government had originally decreed the two companies to import crude. BP and Mobil rejected this and stopped importing crude to the Atas refinery, Turkey's second biggest. The Energy Ministry retorted by giving them a 90-day deadline until May 7 to resume imports or face the take-over of their refinery assets.

Simultaneously the Government gave BP official go-ahead to explore for oil in Turkey. BP will drill its first well in Siirt in eastern Turkey in partnership with Turkan, a Canadian company based in Calgary, Alberta.

60-day price freeze in Belgium

BRUSSELS, May 1.

THE BELGIAN Government will freeze prices for two months in a bid to control inflation which is currently running at an annual rate of 15 per cent., President Leo Tindemans announced last Wednesday night.

The freeze will come into effect as soon as the Price Commission, a body in which employers, workers, distribution and consumer organisations are represented, has given its opinion about it. The Commission advises the Government on all price increase requests, but its opinion is not binding.

"The terrifying problem facing us is how to make our prices competitive again. Economic experts have established that in comparable sectors of industry, even the United States is now producing cheaper than Belgium," Mr. Tindemans said.

Competitiveness is particularly important in a country where one worker out of two works for export. The Belgian consumer price index rose by about 16 per cent. last year. Although prices have slowed down somewhat, it still reached 4 per cent. for the first four months of 1974.

As the inflation is accompanied by an economic slowdown and increasing unemployment, the Government also outlined measures for an economic revival, including a 2 per cent. state aid for new investments.

The measures provide for cuts in the fiscal burden on companies including lower tax charges on stocks, tax relief on certain types of investments and a reduction in social security contributions from large companies which are major employers of labour.

In addition, the Government has endorsed steps being taken by the Belgian National Bank to ease credit restrictions and end the system of mandatory monetary reserves imposed on commercial banks. The ending of the reserve requirements will pump Belgian Frs.15bn. into the economy over the next three months, banking sources said.

Agencies

New initiative on Rhodesia may be in the offing

BY BRIDGET BLOOM AND J. D. F. JONES

KINGSTON, May 1.

FOLLOWING his major statement on Rhodesia to the Commonwealth heads of government here yesterday, Bishop Abel Muzorewa and his colleagues from the African National Council (ANC) executive continued consultations to-day with individual delegations in anticipation of the renewal of the summit debate on Rhodesia to-morrow morning.

Considerable interest is being aroused here in the promised and imminent arrival of Mr. Joshua Nkomo, for with his presence the four most senior men in the ANC will all be here. The Rev. N. Sithole and Mr. James Chikerema, formerly the heads of Zanu and Frolizi, arrived last night—as did, to general surprise, Mr. Pat Bashford, the leader of the once significant Rhodesian Centre Party.

The presence of these men—and incidentally of Mr. Peter Katjivivi, a senior member of the South West Africa People's Organisation, and Chief Clements Kapuo, the Herero leader—has led to speculation

Commonwealth Conference in Jamaica

that some new initiative on Rhodesia, and possibly on Namibia, may be being planned.

However, the more likely explanation is that Mr. Michael Manley, the host Prime Minister, felt that their presence, albeit mainly in the corridors of the conference, would help government leaders to a full assessment of the current situation.

Certainly Mr. James Callaghan, the British Foreign Secretary, who failed on his visit to Africa in January to see most of the Rhodesian nationalist leaders, will take this opportunity to meet all the ANC men, probably over the week-end.

It is not clear whether he will also see Mr. Bashford, who has claimed that his own visit is a private initiative and who is anxious to lobby individual delegations to propose a possible "insurance scheme," guaranteed by Commonwealth members, under which white Rhodesians would be encouraged to stay on after majority rule because their assets would be safeguarded.

Sadat rebuke to Russians over arms and debt rescheduling

BY OUR OWN CORRESPONDENT

CAIRO, May 1.

PRESIDENT ANWAR SADAT to-day rebuked the Soviet Union for lending a deaf ear to his repeated requests for arms to make good the Egyptian Army's losses in the October War and for rescheduling Egypt's debts.

In a May Day speech from the upper Egyptian city of Assiut, the Egyptian leader, whose country is suffering from serious economic problems, reproached Kremlin leaders for their lack of sympathy and their reluctance to reschedule Egypt's debts.

However, despite the country's shortage of funds, President Sadat announced a high cost of living allowance of up to 30 per cent. starting to-day to low-income workers in the civil service, the army and the police. This will cost the Treasury £E84m. annually.

In the past few months, there had been frequent unrest and discontent among the working classes chiefly because of soaring prices and corruption which led to black marketeering.

Despite the collapse of U.S. Secretary of State Henry Kissinger's peace mission five weeks ago, President Sadat praised Dr. Kissinger for "his honest and genuine efforts to secure a new disengagement between Egypt and Israel. Addressing himself to President Ford, however, the Egyptian leader said that it was high time that the American administration developed a clear-cut policy towards Israel.

"We want the United States position in black and white. We want to know whether the U.S. is protecting Israel within its own boundaries or in occupied Arab territories as well," President Sadat said.

To put an end to the deadlock in Middle East peace efforts, the President promised to announce to-morrow a new diplomatic offensive. "Since there is no military battle, there must be a diplomatic campaign because we shall not allow a return to the no peace, no war situation," he said.

The President gave no further details and Egyptian officials were tightlipped about the nature of the planned diplomatic offensive. But the semi-official Cairo newspaper Al Ahram said to-day that an important announcement would be made to-morrow about an international meeting to be held on June 1.

UPI adds from Cairo: President Sadat will meet President Ford at Salzburg, Austria, in early June for talks on the Middle East crisis and the U.S. middleman role in it, diplomatic sources said to-day. The meeting will take place in the course of a trip by Ford to Europe to attend a Nato summit conference in Brussels.

Soviets-PLO reach agreement

BEIRUT, May 1.

THE SOVIET UNION and the Palestine Liberation Organisation (PLO) have reached agreement on "practical and specific steps" to safeguard the rights of the Palestinians, including the right to establish an independent Palestinian State, the newspaper An Nahar said Thursday.

It said the accord was reached at seven hours of talks in Moscow on Wednesday between PLO chairman Yasser Arafat and Soviet Foreign Minister Andrei A. Gromyko.

According to the newspaper, this agreement will mean that the Soviet Union will attempt to persuade the U.S. to issue a joint invitation to the PLO to attend the Geneva Middle East Peace Conference.

The Soviet Union will also seek an amendment of the UN Security Council's resolution 242 of November 1967, on the basis of which the Geneva conference is convened, the newspaper said.

UPI

Progress in Iraq-Syria talks

BY ALAIN CASS

DESPITE THE collapse of talks between Iraq and Syria over the distribution of the Euphrates waters under Arab League auspices, some progress seems to have been made in separate talks in Riyadh.

As Syria announced its withdrawal from the League's special committee, Saudi Oil Minister Sheikh Ahmed Yamani said after meeting with Iraqi and Syrian Ministers: "We have covered a good distance in our efforts to reach agreement."

Iraqi Irrigation Minister said, "tentative agreement had been reached."

At the same time it was learnt that reliable reports reaching London tend to confirm Iraqi claims that vast areas of the Euphrates valley are suffering from a serious shortage of irrigation and possibly drinking water.

The report, from observers who have recently visited the area, say that the level of the Euphrates is very low and that the winter crops of barley and wheat and the spring vegetable crops could be seriously endangered.

In an effort to improve matters, the Iraqis have diverted water from other irrigation schemes into the Euphrates, but its saline content is high enough to have seriously deteriorated the quality of drinking water for the 3m. farmers affected in the five fertile provinces south of Baghdad.

What is not entirely clear, however, is whether the drought which has undoubtedly hit Iraq is a result of the Syrians closing sluice gates on the Tabqa dam which controls the flow in Northern Syria or, as one report suggests, because the snows in Turkey, where the Euphrates rises, have been slow in melting.

Iraq claims that it is getting less than half the water flowing from Turkey.

April is, in fact, the peak month of the year for the Euphrates—there were heavy floods in Iraq this time last year—and observers in the area tend to believe that Syria is using its considerable geographical leverage to squeeze the Iraqis politically by restricting the flow of water through the Euphrates dam as well as to proceed with its own irrigation schemes.

The Euphrates dispute is a symptom of a much deeper quarrel between the two Ba'athist-ruled countries and both regimes have recently stepped up their efforts to dislodge each other.

Indians concerned at mass Bangladesh exodus

BY K. K. SHARMA

NEW DELHI, May 1.

THE INDIAN Government and West Bengal authorities are seriously concerned by evidence of a mass influx of people from Bangladesh into neighbouring states of this country.

Although the dimensions of the exodus is nowhere near that of 1971 when around 10m. people crossed over from the then East Pakistan, it is serious enough for the authorities to take the matter up with the Bangladesh Government.

About 60,000 people, most of them Hindus, have crossed the border into the Nadia district of West Bengal alone. Several thousands more are said to be in Meghalaya state. Although most are Hindus, the new refugee problem apparently does not have communal overtones.

The influx has been caused by the deep economic distress in Bangladesh caused by shortages and rising prices and aggravated by increasing unemployment there. The people have also apparently been persuaded to cross into India as a result of exaggerated reports of opportunities there.

Border checkposts have failed to halt the migration which seems to be gaining momentum. The feeling here is that the Bangladesh authorities are not doing enough to halt the exodus and it is possible that the matter will be taken at a high level after the return of both countries' Prime Ministers from the Commonwealth Conference in Jamaica.

Israel border skirmish with Lebanon

BEIRUT, May 1.

AN ISRAELI force penetrated some 50 yards into Southern Lebanon to-day, but was driven back by Lebanese Army gunners, a military spokesman announced here tonight.

He said that two Israeli military vehicles crossed the border south of Maroun Al-Ras village, in the Bint Jbeil province in the afternoon. They were intercepted by Lebanese artillery and withdrew to occupied territory, he added.

In Tel Aviv, a military spokesman said that an Israeli soldier was slightly injured when a Lebanese army unit fired at an Israeli military truck that broke down near the border. He added that the Israeli forces did not return the fire. The Israelis denied crossing the border.

Reuter

Kenyatta acts to head off strike call

By Our Own Correspondent

NAIROBI, May 1.

PRESIDENT KENYATTA to-day announced higher minimum wages for Kenyans in a move to head off a threatened country-wide strike which the trade unions here had planned to call next week.

He was addressing a May Day rally in Mombasa. In a strong reference to the strike threats, he declared that there would be no strikes in Kenya and the ban on strikes introduced last October still stands.

INDOCHINA

The coming changes in South Vietnam

BY KEVIN RAFFERTY, ASIA CORRESPONDENT

SOUTH VIETNAM'S new rulers have quickly taken the first step towards bringing the country under no-nonsense Communist control. Yesterday they banned brothels, dance-halls, private newspapers and other symbols of decadent capitalism permitted by the previous "puppet regime." That announcement and the severing of communication links between Saigon, now Ho Chi Minh City, and the outside world—apart of course from the official radio—was an indication that the transition will be quicker and more ruthless than many starry-eyed western liberals expected.

South Vietnam has a long way to travel to reach Communism, and many people will have to make major adjustments in their life styles. Under their previous regimes the two halves of Vietnam could hardly have been more different, and 30 bloody years of war have accentuated those differences.

The northern economy is fully socialised and the whole policy subordinated to the Dang Lao Dong Viet-Nam (Vietnamese Workers' Party), even if the pursuit of ideological purity leads to occasional losses of production. This happened during the 1950s when a series of land reforms had a disastrous effect on grain farming.

By comparison, the South was allowed at least superficial economic freedom. Even though President Nguyen Van Thieu had grown increasingly autocratic and imprisoned political opponents and curbed Press freedom, he was not a ruthless despot by the standards of South East Asia. Businessmen were free to make money, religion was free, and opponents could still shout and demand Mr. Thieu's resignation.

South Vietnam became a free-booting society in which corruption and nepotism flourished. The way to the top was knowing someone at the top. It is doubtful how much real freedom the South Vietnamese peasant or industrial worker had; he may be grateful now to swap the danger of death from gunfire for North Vietnamese political indoctrination.

The Communist conquerors have already shown that one of their first tactics will be to make full use of the uncertainty and mutual suspicion lurking in Saigon after the hectic evacuations. In the first proclamation from the capital yesterday they followed the line laid down for the previously liberated areas: those who help to maintain public order and protect lives and property will be rewarded.

They will reward dedication to the revolution, and punish defiance or any clinging to the old ways. This kind of system is already understood to be in operation in areas of South Vietnam which were captured in the last few months. In Da Nang for example, a ration system was set up. People suspected of "upper-level ties to Saigon" were issued with deep red ration cards, allowing 200 grams of rice a day and forbidding them to travel. Those more favoured received yellow cards allowing 400 grams of rice and travel after a 48-hour wait for permission. The most favoured received white cards, a ration of 400 grams and unlimited travel.

If the experience of the liberated areas is a guide, the Communists will not indulge in a mass terror and murder campaign such as happened during the 1968 Tet offensive, but they will be prepared to kill outstanding figures of the old regime in an effort to encourage the mass of the populace. So far, there have been reports of the killing of several policemen in Hue and Da Nang, but even South Vietnamese soldiers in these cities were allowed to purge themselves by writing confessions and joining indoctrination classes.

The experience of the towns and the villages will be different. One important factor is that the Communists do not have enough administrators to spare to take over and run everything. They will concentrate on disciplining the towns. In Da Nang, a French television crew found that political indoctrination classes had quickly started. Among those attending were several Roman Catholic nuns. One of them who was at a political course for school teachers, said: "They are leaving unchanged all our scientific subjects, but they are bringing changes in the human sciences and literature which we teach. But until now we have not been asked to teach anything which is contrary to our religious beliefs."

In the thousands of villages it is clearly going to be less easy. Hanoi's rulers have, in a matter of months, found themselves running a country of 43m. people, compared to the 23m. they previously administered. There are already reports from some villages of the Viet Cong administrators putting on an evening film show in the main square about Ho Chi Minh or some successful aspect of life in the North—but leaving the schools to continue giving lessons with anti-Communist textbooks.

Instructions so far issued by the Provisional Revolutionary Government have been soft in tone. The ten-point programme makes no attempt to collectivise land or to set up communes. Quang Tri orders were issued that property of absentee owners who fled the Viet Cong should actually be protected. The programme promises "achievement of all democratic freedoms, including the freedom of belief and of equality of all religions," though this is also allowed in the North Vietnamese constitution and has not stopped the drift to Communist "scientific materialism" and away from the old religions.

So far also, the Communists have appealed to minority and other groups to carry on as before. They promised equality to minority ethnic groups, stressed that industrialists and traders' property would be respected and invited them to continue in business, and assured foreigners, especially the overseas Chinese that their property would not be confiscated. But change in South Vietnam has only just begun.

Dennis Duncanson argues that there is more behind Hanoi's success than mere guerilla mystique.

The ideology of the mailed fist

INQUESTS ON Indochina will go on for as long as the West has to suffer the consequences, and that must surely be for decades to come. A conventional wisdom to explain the Communist triumph is emerging. All eyes are focused on the faults in the defence. But what of the *assailant* in Indochina?

In Britain, we have already seen on television a newsreel of the Vietcong guerillas who supposedly captured panic-stricken Danang; lightly-armed, in floppy hats, they quietly stroll up and down among the masses, now calmed and happily liberated. But we have seen these televised guerillas before in Hanoi's propaganda booklets; they are surely actors from one of the North Vietnamese army drama teams.

Let us make no mistake: Danang did not fall to them but to the heavy artillery and tanks which the January issue of the Communist-party's monthly, Hoc Tap, told cadres had been pounding the cease-fire lines.

The guerilla in the floppy hat has had his part to play in People's War, but he has never scheduled to win the crowning victory. Commander-in chief Vo Nguyen Giap has consistently emphasised the indispensability of escalation, starting with "armed propaganda" (meaning, terrorism) and working up by stages to sophisticated weaponry deployed in conventional campaigns. For three years, the South Vietnamese had been out-gunned by the North.

Tactically, the guerilla is no gallant underdog, bravely struggling with a better-armed regular army: both Giap and Mao Tse-tung insist on never attacking except when, at the particular time and place, the guerillas (or their regular successors) have overwhelming strength and cannot lose. Nor have Giap's men been an incorruptible revolutionary force triumphing over a society corrupted by Western capitalism: there has been corruption enough in Saigon, but not a month has passed in Hanoi either, for years past, without denunciation in the official Press of corrupt practices under socialism.

Have the Communists won then because, at bottom, they are nationalists. That argument is humbug: the Party has liquidated nationalist of non-Communist persuasion at every opportunity. A popular quotation from Ho Chi Minh is his remark in 1964, "it was nationalism which led me to Lenin." Yet in 1922, when Ho was actually joining the Comintern under Lenin (most strident of all *sceptics* of nationalism), he wrote that nationalism must be combated among colonial peoples because it stood in the way of bolshevism. Vietnamese Communists have always been as dedicated to class warfare and "proletarian internationalism" as Lenin or Stalin.

In his self-dedication to Leninism, Ho Chi Minh invariably bracketed "national liberation" with "world revolution" when addressing the Vietnamese masses and left no room in their minds for doubting that victory spelt collectivisation and a Communist monopoly of power.

The revolution would have got nowhere without munitions sent from "fraternal" countries. The French army was beaten at Dien Bien Phu by Chinese artillery. What demoralised the South Vietnamese army in its last days was not the general staff's alleged corruption but the certain knowledge that ammunition was running out, oil for its transport dwindling to a dearly-bought trickle from the Persian Gulf, whereas the attackers oil (from the Taching wells of People's China) was gushing daily more generously through the Ho Chi Minh pipeline.

But it is not only for logistics that the Vietnamese Communist Party has been beholden to big-brother parties abroad. Many Westerners pooh-pooh the so-called domino theory; yet what Eisenhower was talking about when he coined that phrase has provided the very basis of Vietnamese guerilla strategy. In practice, guerillas cannot operate without a safe haven to escape to; China provided one for Ho Chin Minh even before Mao's Red Army reached the Tonkin frontier in 1949, after which moment the French had no hope of annihilating the Communists. The Geneva Agreement of 1954 brought the safe haven into Indochina itself.

The Communist side insisted then, and has insisted every time since, that the armistice is, temporary; for their own people they have a proverb, "Ceasefires are springboards for advances."

They repeated the formula over Laos in 1962. Once North Vietnam was securely under Communist rule the stage was set for starting up the Maoist escalation in South Vietnam all over again.

President Johnson's bombing of North Vietnam did not fail to stop the war because drama-team guerillas shot down B-52s with carbines. The reason was that no point could be found on the gradation of escalation at which Hanoi would be obliged to call its armies home without causing the collapse of the Communist government. Hitler was beaten in 1945 because the rules of *that* war allowed his enemies to destroy him utterly. Imminence of communist-party collapse in North Vietnam would have led to a reaction of incalculable extent, from both Peking and Moscow, not to mention the liberal world itself

Several theories have been advanced to explain why, in contrast to Indochina, People's War was nipped in the bud in Malaya. No doubt the factors were complicated, but the dominant reason was the lack of a "great rear base" and isolation from the battlegrounds of guerilla diplomacy on which to manoeuvre for one.

Schlesinger 're-examining' plan for reducing S. Korea garrison

BY PAUL LEWIS, U.S. EDITOR

WASHINGTON, May 1.

FOLLOWING THE Communist victory in South Vietnam, the U.S. Defence Secretary, Dr. James Schlesinger, revealed to-day that he is re-examining plans to reduce America's military garrisons in South Korea.

His remarks reflect the Administration's concern that North Korea may be encouraged by Hanoi's success in Vietnam to pursue its aggressive designs on the South, and that Congress may now try to reduce America's defence commitments to the Seoul Government.

Attack

At the same time, President Ford launched his bitterest attack yet on the Congress this evening when he said that the members of the House of Representatives were "not fit to be Americans" for voting down a \$327m. Aid Bill to help the 70,000 Vietnam refugees the Administration now expects that it will have to look after.

When he revealed this estimate of the number of South Vietnamese now likely to seek asylum in the U.S., the President said it might cost as much as \$400m. to look after them and supply some aid to other refugees in Vietnam. He urged the Congress to pass the \$327m. Aid Bill already approved by the Senate and which is all that remains of his \$1bn. request for military and humanitarian assistance for South Vietnam.

But to-day the House rejected it on the ground that the legislation did not adequately exclude any future reintroduction of American troops into South Vietnam, and because Conservatives disliked the thought of money going to a Communist country. Congress will make provision for the refugees in the end, but its suspicion of President Ford is as strong as his bitterness towards the legislature.

Meanwhile, Dr. Schlesinger told a Press conference that the U.S. stood by its military commitments throughout the world, and especially those to Western Europe, South Korea, Japan and Australia and New Zealand. He also said that he was now re-examining the plan drawn up by President Nixon under which the U.S. would gradually reduce the 38,000-man force it maintains in South Korea as it builds up Seoul's own army.

He recalled that the plan had already been extended as a result of Congressional cuts in the military aid the U.S. supplies to South Korea. But to day he said it would have to be "re-thought" in the light of the Vietnam situation, although he claimed not to expect any direct challenge to South Korea.

Resettling the 70,000 Vietnamese refugees now heading towards the U.S. is obviously going to be difficult especially at a time of economic recession. Some have already arrived and are being housed in military camps, while others are still in various U.S. bases around the Pacific, on ships at sea or waiting evacuation from Thailand and other Asian countries.

But while this problem is one immediate consequence of Saigon's defeat, another is that the U.S. administration now faces a difficult tussle with Thailand over the 125 military aircraft—including F5 fighters—flown into Bangkok by fleeing South Vietnamese pilots.

Negotiate

The Thailand Government has impounded them and is threatening to negotiate their return to the Communist regime in South Vietnam, to which the U.S. strongly objects.

Meanwhile, the latest polls suggest that neither President Ford nor Dr. Kissinger, his Secretary of State, have suffered as yet in the public's estimation as a result of the recent setbacks to their foreign policy. The Harris Poll reports to-day that President Ford's standing in the country actually improved slightly this month, with only 57 per cent. of the population thinking he is doing a bad job—as opposed to 60 per cent. in March.

Vigil on the Thai border

ARANYAPRATHET, May 1.

DIPLOMATS and journalists maintained an anxious vigil at this Thai-Cambodia border town to-day for more than 600 foreigners whose evacuation by road from Phnom Penh has been inexplicably delayed. A French official established contact with Khmer Rouge soldiers on the Cambodian side but failed to elicit any hard information about the reason for the delay.

The French Ambassador to Thailand, Jean Louis Toffin, was among those waiting for the group, who had been taking sanctuary in his country's Phnom Penh embassy for nearly two weeks. But he returned to Bangkok to-night, apparently having given up hope of them reaching the border before to-morrow.

● About 12 British journalists still in Saigon were reported to be safe—at least up until last night—according to information reaching London to-day. Britain's recognition of the new Saigon administration is expected to follow soon after its constitution becomes clear.

● UN Secretary-General Kurt Waldheim called in Vienna to-day for reconciliation and peace in Indochina, and said that the world body was ready to step-up humanitarian aid to the region.

Distribution of U.N. relief supplies in Vietnam is proceeding through the country's national Red Cross, a spokesman said to-day.

The UN has also recognised the Khmer Rouge National Union of Cambodia as the legitimate Government.

● The British Ambassador to South Vietnam, Mr. John Bushell, who was evacuated to Singapore during the fall of Saigon, is returning to London for consultations.

Agencies

Big U.S. Air Force cutback in Thailand

WASHINGTON, May 1

THE UNITED State and Thailand have agreed to the withdrawal of up to 9,000 U.S. Air Force personnel from bases in Thailand over the next several months, diplomatic sources said to-day.

One source said that the announcement of the withdrawal, to be made in Bangkok on Monday, would contain a one-year timetable for the total withdrawal of all 23,000 American servicemen—the vast majority of them Air Force personnel—still in Thailand.

Thai Foreign Minister Chatichai Choonhavan announced in Bangkok earlier to-day that a number of U.S. troops were to be withdrawn but he gave no details. State Department sources said that the agreement was for a gradual and measured reduction of the U.S. military presence in Thailand, which has been brought down from 46,000 men over the past two years.

At the time of the Paris Peace Agreement in January 1973, the United States had 750 war planes, including B-52 bombers at seven Thai bases.

Thailand has since called for a gradual but total withdrawal of the U.S. military personnel, who are barred by law from operating in, over or off the shores of North Vietnam, South Vietnam, Cambodia and Laos. But U.S. officials believe that there is still strong support within the Thai Government for a continuing U.S. military presence there.

U.S. officials said that the discussions which led to the withdrawal agreement predated the collapse of South Vietnam and were not directly related to it.

The U.S. fear now is that a precipitate U.S. withdrawal from Thailand over the next few months, coupled with the South Vietnamese surrender, would alarm other American friends in South East Asia. For this reason, they are making great efforts to keep the withdrawal consistent with the pace of the gradual reductions over the past two years.

At least some of the Thai calls for a total withdrawal are believed in Washington to be intended for Thai domestic consumption. In its talks with the U.S., Thailand has not demanded a total U.S. withdrawal, U.S. officials said.

"There is a very broad range of opinion ranging from die-hard military types who feel we ought to build up forces to what passes for leftists in Thailand who think we ought to be out right now," one American official said.

Reuter

Patons and Baldwins to dismiss 350

BY RHYS DAVID

PATONS & BALDWINS, the knitting yarn arm of Coats Patons, is to dismiss 350 workers at its main plant in Darlington as a result of the continued recession in the textile industry.

The move follows a 12-week period of short-time working for the 1,200 workers at the plant, which supplies acrylic yarns for the hand knitting trade and for the big knitwear manufacturers in the Midlands. The company said yesterday that the dismissals had come about because no immediate prospect could be seen of an upturn in trade. One of the three shifts at the plant will be cut out and the remaining workforce, which has been on a four-day week, will return to five-day working.

The company has been affected by slackness of demand in home and export markets and by low-cost imports from Far East producers. Imports have been arriving both in the form of made-up goods—affecting the knitwear manufacturers who buy yarns from Patons and Baldwins and other yarn producers—and in the form of cheap yarn.

With producers in the Far East anxious to get rid of excessive stocks, prices of yarn have also been falling. A director of Patons and Baldwins said yesterday that prices of a typical branded acrylic used in the knitwear trade had fallen from around £2.43 per kilo at the turn of the year to around £2, and some yarns produced in the Far East were selling below this level. Order books within the industry have fallen back from 20 weeks at this time last year—when the main constraint was availability of raw material, and labour—to barely three to four weeks.

Gloomy forecast

Patons and Baldwins is one of the first companies in the industry to decide on a substantial cutback in its labour force rather than carry on with short-time working, but its view that there is no sign of light at the end of the tunnel just yet is shared by other producers.

John Haggas, of Keighley, which reported on the first nine months of its present year earlier this week, forecast difficult trading conditions continuing into 1976. The company also said that, contrary to some reports, it took the view that the textile stock pipeline remained far from empty.

The Knitting Industries Federation, which represents the knitwear manufacturers, based mainly in Leicestershire and Nottinghamshire, reports that most of its member companies are operating at levels of 25 per cent. or more below capacity, with about 60 per cent. of the industry's labour force of more than 120,000 on short time.

At Northampton, between 60 and 80 employees—ranging from office workers to executives—of Bacal Construction, have been served with redundancy notices. A spokesman said: "This will also affect staff at our branch in Wakefield, Yorks., and has been deemed necessary to conserve our position."

The Stafford-based Universal Grinding Company is also to make 185 of its 2,000 employees redundant. The company blames the situation on the industrial depression.

NFU claim extends monopoly inquiry

BY STEWART FLEMING

A CHALLENGE to the legal power of the Monopolies Commission to investigate the proposed takeover bid by the National Farmers Union Development Corporation for FMC, the meat processing and wholesaling group, has forced the Government to extend the Commission's inquiry into the bid.

Mrs. Shirley Williams, Secretary for Prices and Consumer Protection, has extended until June 30 the period within which the Monopolies and Mergers Commission are required to make their report on the takeover, it was announced yesterday. The statement said that the extension was granted following representations from the Commission saying that there are special reasons why the report cannot be made by May 12, including legal arguments and the exceptionally large amount of evidence submitted.

The NFU Development Trust made its £4m. bid for control of FMC in October last year. It already controls 40.9 per cent. of the FMC equity. The object of the bid was to give farmers a greater degree of control over the marketing of the meat they produce. Subsequently FMC rejected the bid but only after a Boardroom split with two directors urging acceptance of the terms.

In November the bid was referred to the Monopolies Commission. But immediately, in the initial evidence it presented, the NFU Development Trust argued that it was not an "enterprise" within the meaning of the Fair Trading Act 1973, and that therefore the Government did not have the power to decide whether the bid should or should not go ahead.

The Monopolies Commission is believed to have shelved this tricky legal question while it continued to take evidence.

Now, however, with its report to the Government due, this fundamental issue, which has not been resolved, must be faced. Mr. George Cattell, Director General of the NFU, said yesterday that one approach open to his organisation was to challenge the validity of the Monopolies Commission inquiry in the courts, but he indicated that he was not anxious to pursue this line of action partly because he felt it was important to get the problem settled quickly.

Until it is settled, however, it is not clear whether the Monopolies Commission can present its findings to the Government or whether the Government can make use of them.

PARLIAMENTARY UNION STAMP

A specially designed stamp will be issued to mark the 1975 Inter-Parliamentary Union annual conference which will be held at Westminster Hall, London, from September 4 to 12. The stamp goes on sale on September 3, priced 12p.

Benn blamed for take-over

By Peter Cartwright, Midlands Correspondent

HARSH CRITICISM of Mr. Anthony Wedgwood Benn, Industry Secretary, came yesterday from 1,000 employees of Midland - Yorkshire Holdings, after an announcement that the £5.1m. bid for the company by Croda International would not be referred to the Monopolies Commission.

The take-over offer, made after the acquisition by Croda of a 32.6 per cent. shareholding in Midland - Yorkshire previously held by the British Gas Corporation, is being strongly opposed by the Midland-Yorkshire Board.

A committee representing employees at four establishments ranging from shop stewards to managers, and four manual unions and one staff union (with sole negotiating rights), immediately moved into action with a scathing attack on the Industry Secretary.

"After all he has said about industrial democracy, about disclosure of information to employees, how could Mr. Benn allow the British Gas Corporation—a nationalised concern—to sell its near one third share in Midland-Yorkshire to Croda without any consultation?" asked Mr. Don Wiltshire, personnel manager and chairman of the committee.

"Mr. Benn has had a chance to do something to carry out what he has been talking about for so long. But he has turned his back on us. Nevertheless we shall fight to the limit."

IBM picks 37-acre site for London operations centre

BY JOHN TRAFFORD, PROPERTY EDITOR

IN THE largest industrial property deal announced for many months IBM U.K. is to buy from Rockware Glass a 37-acre site at Greenford, Middlesex, for £6.25m. The site at present houses the headquarters of Rockware Glass and its parent company, Rockware Group, as well as warehouses and a disused glass factory.

The deal is conditional on IBM being given planning permission to demolish the factory and some of the warehouses and build modern warehouses in their place. IBM has submitted an application for outline planning permission to Ealing Borough Council, and detailed plans are expected to be approved by the Council in the autumn or early winter.

If the deal goes through IBM will use the site initially as a storage and distribution centre serving the London area primarily for component parts of typewriters, copiers and data processing equipment. It will replace five existing distribution centres, all in West London.

Under the terms of the contract Rockware will lease back the 60,000-square-foot office block from IBM at an agreed market rent for up to two years from the time the contract becomes unconditional.

The deal is important for Rockware, which announced a £34m. investment programme last October. It was then made clear that the sale of the Greenford site was expected to provide part of the necessary funds. Mr. J. H. [illegible], vice-chairman of Rockware Group, commented last night that the price obtained was a fair one and very much in line with the company's hopes. The delay in receiving payment would not affect the investment programme.

The site was valued independently about two years ago, and the resulting figure, £3.57m., was used in the company's most recent balance-sheet.

The major part of IBM's development plans involve demolition of the old glass factory, the building of an additional 180,000 square feet of warehousing and the demolition of a small proportion of the existing 270,000 square feet of warehouse space.

Bridge delayed

The £57m. Humber Bridge will be two years behind schedule and will not now be completed before the autumn of 1975 the Humber Bridge Board said yesterday.

Control of textile imports urged

BY RHYS DAVID

LEADERS OF the Lancashire textile industry, who have been pressing for controls on imports of yarn, fabric and made-up goods into the U.K., now fear that the Government may still be some way away from deciding how to deal with the problem.

The industry, after meetings over the last few months with various Ministers, including Mr. Anthony Wedgwood Benn, Industry Secretary, had been confident that early moves were likely in response to the request by the British Textile Confederation, representing employers and unions, for a 20 per cent. reduction in imports over last year's levels.

Yesterday, however, after a meeting between a Lancashire delegation and the all-party committee of textile MPs, Dr. Philip Smith, executive vice-president of the British Textile Employers' Association, the main body representing Lancashire interests, said that there were now indications that the Government had not settled its approach to the question.

The Government, which has discussed the problem at Cabinet level, is thought to be still not entirely convinced that textiles are a special case with problems of a different order from those of other industries.

There may also be some reluctance to accede to the BTC's request for across-the-board reductions in textile imports because of the problems this could cause some sectors dependent on imported supplies of yarn or fabric not obtainable in the U.K.

Dr. Smith said that the delay was threatening the loss of further irrecoverable productive capacity, particularly in spinning, which would have to be permanently replaced by imports. Pressure was likely from employers and the unions for further action to back up their appeals.

The industry is concerned at the continued mill closures—now totalling about 20 since the start of the year with an estimated loss of 4,000 jobs. Four closures—three in spinning and one in weaving—involving about 500 jobs, have been announced in the last two weeks.

Mr. Edmund Gartside, vice-president of the BTEA, said that there was clear evidence of dumping by low-cost suppliers in the U.K.

Drastic controls of pay and imports forecast

BY OUR ECONOMICS STAFF

AN EMERGENCY package of wage and import controls, plus curbs on bank lending and a rise in short-term interest rates, was predicted last night by Mr. James Morrell, director of the Henley Centre for Forecasting.

"The huge disparity between price inflation in Britain, now at 25 per cent. per annum, and other industrial countries, will lead to increasing pressures on the pound. With inflation down to 4 per cent. per annum in the U.S. and 6 per cent. in Germany, Britain is so far out of line that the pound must fall," Mr. Morrell said.

Added to this, the public sector borrowing requirement of over £9bn. would be increased by the nationalisation of shipbuilding and virtual nationalisation of British Leyland, as well as other aid and investment in industry. The size of this requirement had added to the weakening of the financial markets and a crisis situation would build up rapidly, he predicted.

"The Government is expected to be forced to defend the pound (putting the blame on the unions), raising short-term interest rates by 2 to 3 per cent., making further cuts in Government spending and possibly resorting to direct controls over wages, prices, imports and bank lending in an attempt to impress the public with the seriousness of the situation," Mr. Morrell stated.

He forecast that unemployment would go on rising, and that, taking into account workers on short time, unemployment "in all its forms" would reach 2m. by the Spring of 1976.

GOLF BY BEN WRIGHT

Coles shoots record 64 in French Open

IT SEEMS extraordinary that Neil Coles should have to wait until his twenty-second season as a tournament golfer for his first 64, the lowest round of his distinguished career.

But the serene, elegant and uncannily clerical 40-year-old of the bald pate and surprisingly powerful swing, which in its smoothness disguises the violence that produces extreme length, could not have chosen a more opportune moment than the first round of the French Open championship. After three foreign wins in the first three European events of the season, in this Ryder Cup year, the situation cried out for a worthwhile British effort.

I am glad to say that the veteran Coles' record score over the Valley Course of the Racing Club of Paris at La Boulie was backed by a five-under-par 66 from the promising young Scot, David Chillas.

At 68 comes the Irishman, John O'Leary, but otherwise the home effort is once again thin on the ground in relationship to par and better.

Sad to say, Tony Jacklin made another undistinguished score on a beautifully sunny day, returning a lack-lustre 75.

Coles has seldom played better, his long irons in particular, being struck with uncanny accuracy that caused him to require only 27 putts. He had nine single putts, five successive 3s from the ninth onwards, and for the first time in his career three eagles in one round.

The first came at the 533-yards fourth hole where Coles hit a glorious brassie three-and-a-half feet from the cup for a 3. He dropped a stroke at the next hole where his drive finished in tractor marks.

One of his very few wayward strokes—a three-iron pushed into a bunker at the par three seventh—cost him another shot against par, but Coles birdied the par five eighth, where he found the green with a long iron, and the ninth, where he floated up a nine-iron seven feet from the hole to be out in 34.

That faithful brassie set up the second eagle at the 513-yard 11th, where Coles holed his longest putt of the round from 20 feet. The nine-iron set up the birdie at the 12th, which was completed with a 12-foot putt.

Coles saved his par at the 14th with an accurate chip from just off the green, and then set up his third eagle at the 482 yards 17th with a three-iron shot to 18 inches.

He hooked his drive at the last, came up short and chipped uphill 15 feet past the hole. But as cool as ever, Coles holed the putt for an inward half of 30 and the new record.

David Chillas missed only one green, the last, in his 66 and then promptly holed out from a bunker.

The young Scot's other birdies came at the third, fourth and fifth holes going out, where he holed putts of seven, eight and 60 feet respectively. He got in another monster from much the same distance at the tenth but otherwise played with commendable solidity and not too much luck.

HOME NEWS

Housing starts in March fall back to 21,000

BY MICHAEL CASSELL

THE house building programme dragged on during March, with no sign of any significant rise in output.

The local authority sector remains the only area from which some limited form of encouragement can be taken, but private house builders apparently continue to ignore the flood of exhortations for an immediate upturn in output.

According to the Department, whose task over the past few months has been to repeat a never-ending succession of depressing housing statistics, total starts recorded in March fell back to 21,000 from nearly 23,000 in February. In March last year the figure was 23,000 and in March 1973 it reached nearly 30,000.

The familiar pattern was repeated, with council housing starts exceeding those in the private sector. A start was made on 11,000 homes for local authorities in March against 12,600 in February and 12,000 in March 1974.

Contractors started work on 10,000 homes for sale during the month, the same as in February but 1,000 fewer than the year before and only half as many as in March 1973.

Housing completions were only marginally more encouraging. A total of 13,000 houses were finished for local authorities, an increase of just over 1,000 on February but the same level as in March 1974.

Private sector completions stood at 10,000 in March, slightly down on February and 2,000 lower than in the same month last year. In March 1973 private completions reached 14,400.

Adjusted

On a seasonally adjusted basis, the figures do not appear quite so discouraging, although there remains substantial room for improvement. The Department says that council house starts in Great Britain were 26 per cent. up during the first three months of this year against the last quarter of 1974 and 25 per cent. higher than a year earlier.

Completions were 11 per cent. up on the previous three months and 30 per cent. higher than a year ago.

In the private sector, starts were over 50 per cent. up on the previous quarter and 1 per cent. higher than at the same time a year earlier. Completions were 17 per cent. better than in the last three months of 1974 but 16 per cent. down on 12 months before.

House renovation grants, another important source of business for builders, totalled only 44,700 in the first quarter of the eyar compared with 106,300 for the corresponding period of 1974.

An estimated 8,000 homes were demolished or closed as part of slum clearance schemes in the first quarter, compared with 13,400 in the same period last year.

Pile of problems, Page 11

Scots police seek right to strike

By Our Labour Staff

REPRESENTATIVES of Scotland's 12,000 policemen yesterday demanded the right to strike. The call was made at a private session of the Scottish Police Federation's conference in Peebles. It was said to have been endorsed by an "overwhelming" majority, and follows the rejection by the Government of a similar call in 1971.

Mr. Joe Black, general secretary of the federation, made it clear that the men wanted the right to strike mostly to push for better pay. "There was anger, militancy and disappointment as far as pay is concerned. If you want law and order, and people to be responsible for it, you have to pay for it."

Policemen throughout the U.K. are negotiating a nearly 50 per cent. pay claim.

According to official spokesmen, policemen in England and Wales do not want the right to strike. Occasional calls to that effect had always been overwhelmingly rejected, the last time at last year's annual conference of the England and Wales Federation.

Policemen are prevented from taking strike action by their code of discipline which identifies strikes with failing to report for duty.

The Scottish Police Federation's executive will decide in June whether to take up the conference call and to pass it on to the Scottish Office.

THE AIRCRAFT AND SHIPBUILDING INDUSTRIES BILL

Corporations may diversify

BY MICHAEL DONNE

THE TWO corporations to be set up under the Government's plans to nationalise the aerospace and shipbuilding industries—British Aerospace and British Shipbuilders—will have wide powers to diversify and to acquire other companies by agreement, it emerges as a main point in the Aircraft and Shipbuilding Industries Bill, published yesterday. The Bill also places considerable emphasis on the promotion of "industrial democracy" in the industries concerned.

Mr. Wedgwood Benn, Secretary for Industry, commenting on this aspect of the nationalisation measure yesterday, said that it underlined the Government's intention "to bring about in these industries a fundamental and irreversible shift of power in favour of all thoes who work in the industry by hand and by brain."

The Bill also sets out for the first time details of the compensation procedures involved in the take-over (Clauses 35-41).

Basically, compensation will be in Government Stocks, and the amounts will be determined by reference to the average values of securities of the companies named in the Bill during the six months up to and including February 27, 1974.

Securities listed on the Stock Exchange will be valued at the average of their SE quotations on each Wednesday in that six months.

Unlisted securities will be valued by agreement between the Secretary of State and a stockholders' representative, or failing agreement by an Arbitration Tribunal under a legal chairman appointed by the Lord Chancellor, as if they had been listed in the same period.

Where there have been certain types of dissipation of assets on or after February 28, 1974, an appropriate deduction will be made from the compensation.

New securities or loans made on or after that date to finance new investment will be brought into account at par in settling compensation.

Mr. Benn said: "This will allow parent companies, without adverse effect on their compensation, to continue financing subsidiaries which are to be nationalised so that business and especially investment can carry on as usual in the interim period."

There is no indication in the Bill of the extent of the "commencing capital" (Clause 15) of either of the two proposed Corporations — in effect this will depend upon the amount of compensation that is paid for the take-over of the aircraft and shipbuilding companies, but it makes it clear that part of the capital will take the form of public dividend capital.

The Bill also discloses that the borrowing powers of the British Aerospace Corporation (Clause 11) will be set between £125m. and £200m., with an additional provision for special financial assistance of up to £50m. becoming payable at the Secretary of State's discretion and with Treasury approval (Clause 45).

The latter provision appears to be equivalent to the special "launching aid" that is already made available to the aerospace industry by the Government for some civil projects.

For British Shipbuilders, the borrowing powers are set at a maximum of £300m.

Not included in these borrowing limits are what are called "excluded loans." These cover sums borrowed from subsidiaries; loans under the Civil Aviation Act for the development of civil aviation; loans under the Industrial Expansion Act, 1968, for the finance for Concorde; or money borrowed under the special £50m. launching aid provision.

The broad effect of the Bill is to set up the two Corporations, each with a chairman and between seven and 20 members (Clause 1).

The text of the 89-page Bill makes it clear (Clause 2) that the two Corporations will not only be obliged to undertake the "efficient and economical design, development, production, sale, repair and maintenance" of civil and military aircraft, guided weapons, ships and slow-speed diesel marine engines, and to undertake research, but also "to have full regard to the need to promote industrial democracy" in all their undertakings.

Precisely what this "industrial democracy" involves is not detailed in the Bill, but Mr. Benn said yesterday that the Government would require the two Corporations to consult with trades unions and other organisations representing workers, including professional technical bodies, on how they ran their industries.

Each Corporation will be required each year to formulate a "corporate plan" (Clause 7) covering such matters as capital investment, research and development, forecasts of income and expenditure on profit and loss account, and such other matters as each Corporation considers appropriate or the Secretary of State specifies.

In particular, the Bill lays down that where the estimated cost of any project undertaken by the Aerospace Corporation exceeds the amount laid down by the Secretary of State, the Corporation cannot go on with it except with the specific consent of the Secretary of State.

This provision is interpreted as meaning that the Government intends to exercise a much tighter control over the financial affairs of the aerospace industry, and specially to keep a stricter watch on spending on ventures that extend over many years, such as Concorde.

It means continual monitori of the financial affairs of ea Corporation, but especially aei space, by the Government.

Apart from this, the Corporations will have powers of their own, and siderable freedom to conduct reconstruction of the two indu tries.

There is nothing in the B that dictates to the two Corpo tions how they shall reorgan the industries—for example, h the Aerospace Corporation w merge the interests of the fo companies involved (Briti Aircraft Corporation, Hawk Siddeley Aviation, Hawk Siddeley Dynamics and Scott Aviation).

All that is laid down in direction (Clause 5) is t immediately after vesting dat which is not yet known, depe ing on the progress of the through Parliament — Corporation shall review affairs of the companies ta over "for the purposes of de mining how the management the activities of the Corpora and those subsidiaries can m efficiently be organised."

Each Corporation will re to the Secretary of State, will then direct them to proce with any changes that he fi are necessary.

The Bill does charge e Corporation, before reaching conclusions as a result of review, to consult with "s independent trades unions appear to it to represent subs tial proportions of the perso employed in the Corporation

Interests

This is to ensure that th workers in the industry given a say in how the relev industry is to be reconstru as a result of nationalisation.

Each Corporation is charged (Clause 6) with cons ing the unions on how activities shall be carried on.

The Corporations' powers diversification are embodied Clause 3 of the Bill, which they can "acquire by agreem and to hold interests in ot companies (whether incorpora in the U.K. or not)," and to fo companies and enter into pa nerships with other persons.

The Aircraft and Shipbuild Industries Bill, 1975, Station Office, price 88p.

● Mr. Christopher Bailey, ch man of Bristol Channel S Repairers, said last night t the company had spent ab £80,000—not nearly £250,000 suggested by Mr. Benn—on anti-nationalisation advertisem campaign.

CBI attacks multi-rate VAT plan

By Kenneth Gooding, Industrial Correspondent

SOME COMPANIES making products bearing the 25 per cent. VAT rate have told the Confederation of British Industry that they propose to defer investment. Others expect to go on short-time working or even to close plants.

The warning has been given to Mr. Denis Healey, Chancellor of the Exchequer, in a letter from the CBI in which the employers' organisation urges him to reconsider his proposals for a multi-rate VAT.

The Confederation points out that the same additional yield could be achieved by raising the standard rate of VAT from 8 per cent. to 9 per cent.

The CBI's letter came after a period in which "our members have now had an opportunity to consider some of the implications." It said that the multi-rate would "have a distorting effect on those industries affected. It is inevitable that a disproportionate fall in demand for the higher-rated goods will follow, and this will lead to disproportionate cuts in production."

The letter, signed by Mr. Lucien Wigdor, deputy director-general, said that another disadvantage of having more than one positive rate of VAT was that "it becomes necessary to prevent possible avoidance." This appeared to be the reason for taxing components and repairs at the same rate as the goods to which they relate, but "we feel that this method is going to cause far greater problems than it solves."

The confederation quotes the example of the electrician servicing a refrigerator and an electric fire and, thereby, having to charge two different rates of VAT. "This must be only one of the many examples where difficulties will be caused in the administration of the tax."

● The British Plastics Federation has told the Government that new legislation, including the two-tier Value Added Tax rate, was penalising the enterprise and efforts of plastics companies.

April pre-tax profits boosted by oil giants

BY ALAN HILLS

THERE WAS a substantial improvement in pre-tax profits of companies publishing full reports last month. Compared with a year earlier the total was 83.3 per cent. up.

However, the improvement was mainly due to three oil companies—Shell Transport, up 127.4 per cent.; British Petroleum, up 101 per cent.; and Ultramar, up 57.6 per cent.

Excluding these three, the figure would have declined by 0.5 per cent..

In chemicals, Albright and Wilson's pre-tax profits advanced by 250.2 per cent. British Titan, the equity of which is held by ICI. Lead Industries and Federated Chemical, also reported good results, with pre-tax profits up 132.4 per cent. Turner and Newall's earnings expanded by 33.3 per cent. and Tube Investments' by 21.6 per cent. Falls of 53 and 36.5 per cent. respectively were reported by Trust Houses Forte and Pye Holdings, and a contraction of 24.4 per cent. by Associated Cement.

April dividend payments showed a rise of 8.4 per cent. over the comparable period of last year; this followed a shortfall of 0.3 per cent. in March but equalled the February gain of 8.4 per cent. Albright and Wilson's dividend was raised an exceptional 54.9 per cent.

Vokos buys City Press

BY LORNE BARLING

THE CITY PRESS, the weekly financial newspaper, has been acquired by new owners and will be relaunched later this year, it was announced yesterday.

It has been bought by Vokos Publishing, a new company set up by Mr. Themistocles Vokos, publisher of the magazine Seatrade. The present editor, Mr. Richard Lamb, will retain his post and a 25 per cent. interest in the company.

Mr. Robert Hawkins, Seatrade's first editor, will be responsible for planning and co-ordinating the editorial relaunch of the paper, on which up to £200,000 may be spent.

Fight back, wine trade urged

By Kenneth Gooding

THE WINE trade should redouble its promotional efforts, Mr. Guy Gordon Clark, chairman, said yesterday at the annual meeting of the Wine Development Board.

"The Chancellor's action in virtually doubling the taxation of wine will inevitably mean an initial decline in wine buying, as we have always seen in the past on such occasions," Mr. Clark said.

"Only our increased efforts will prevent that initial decline becoming a permanent trend.

"This is not the time to count our losses and accept a gloomy future. We must redouble our efforts to counteract these harsh measures. In adverse times it pays to publicise."

Coal production up 6%

BY LORNE BARLING

THE NATIONAL productivity bonus scheme introduced in the coal industry two months ago has led to increased production worth about £40m. in import savings, Sir Derek Ezra, chairman of the National Coal Board, said yesterday.

He warned, however, that although coal still had a price advantage over oil the margin was very much less than a year ago.

Speaking at Merthyr Vale Colliery, near Merthyr Tydfil, Sir Derek said average weekly output in the South Wales coalfield had risen about six per cent. since the bonus scheme began. In some cases it was up by 10 per cent.

"Most of the extra coal so far produced has come from better attendance throughout the country. Since the increase in wages in March, there has been a very big and welcome reduction in absence," he said.

"What we must do now, particularly in South Wales, is push up output per manshift to give us even more bonus tons." The NCB said that average absences of 18 per cent. for the week ending March 1 had dropped to just over 15 per cent. for the week ending April 12.

Sir Derek stressed that better output should be the priority of the industry, which had not yet regained the productivity level attained in mid-1973.

IN BRIEF

Libel damages

Sir Malby Sturges Crofton, leader of the Kensington and Chelsea Council, is to receive libel damages over a newspaper article suggesting that he discriminated against women in local government employment.

The undisclosed sum of damages is to be paid by Guardian Newspapers Ltd., publishers of the Guardian; editor Mr. Alistair Hetherington; journalist Mr. Martin Walker; and Mr. Robert Pope, a member of the council who supplied the information on which the story was based.

Moorgate failures

Two St. Bartholomew's Hospital anaesthetists say in this month's British Journal of Hospital Medicine that failures in communications hampered rescue work at the Moorgate Tube disaster.

£100m. warning

Mr. Norman St. John Stevas, Conservative spokesman on Education, said that Government plans to "phase out" independent direct-grant schools would cost the public purse £100m.

Bond clearances

Clearances from bond of spirits in February were 2.57 per cent. down on February last year at 1.63m. proof gallons.

Surcharge risk

North-East Derbyshire District councillors risk facing a surcharge similar to those imposed on the former Clay Cross rent rebel councillors, whose area they now administer. They have decided to continue paying full-time wages to old peoples' wardens in the Clay Cross area.

Ryder may settle for smaller stake

BY NICHOLAS LESLIE

SIR DON Ryder, the Government's Industrial Adviser, has completed two further meetings this week with Mr. Sebastian and Mr. Basil de Ferranti in an effort to reach agreement on terms for a Government support package.

He may now conclude arrangements for a support package suitable to both the Ferranti brothers — and Mr. Anthony Wedgwood Benn, Industry Secretary, in time for next Wednesday's scheduled meeting between management, unions and the Government. Since turning his attention to Ferranti three weeks ago at the Government's request, Sir Don has had seven meetings.

Given the time being taken over the discussions, it seems that the possibility of the Government taking around three-quarters of the equity has given way to a compromise arrangement of a smaller majority holding, although the level may not be a permanent arrangement.

In arriving at terms acceptable to both sides, the Ferrantis are being advised by Lord Goodman and Mr. Rupert Nicholson, a partner in Peat Marwick Mitchell and Co., while the Government, in reaching a valuation for the Ferranti group, is being advised by Hambros Bank.

Ferranti/Ryder meetings this week were held on Monday and Wednesday. Yesterday, a Ferranti Board meeting was held at which it seems likely that the remaining directors were brought up to date on negotiations.

SE chairman to retire

By Margaret Reid

MR. GEORGE Loveday, who steps down as chairman of the Stock Exchange in June to be succeeded by Mr. Michael Marriott, intends at the same time to retire from the exchange's council. This was confirmed yesterday.

BY ADRIAN HAMILTON

British ambiguity and Irish common sense

AFTER MORE than a year of financial uncertainty and political ambiguity, the last few days may have seen the first tentative signs of concrete moves to push development forward again. The LSMO investment consortium's announcement earlier this week of a merger of North Sea interests with two other U.K. concerns in the Ranger Ninian group—National Carbonising and Cawoods—could well mark a considerable step forward in the Ranger group's plans for Ninian financing as well as indicating a merger route which other small companies follow to achieve project loans.

The announcement of new Government guarantees to enable Tricentrol to raise money for its share in the Thistle Field development, meanwhile, gives some indication of the extent to which the Department of Energy feels able to provide financial backing—albeit at a tough cost in carried interest provisions—to ensure that field development is not held up through banking problems and to assure a small U.K. independent oil company of its place in the North Sea.

Promise

Most important of all, perhaps, Sir Eric Drake's assurance to the Energy Secretary, Mr. Eric Varley, that British Petroleum is "prepared to enter into discussions with the Government with a view to agreeing terms for majority State participation in BP's North Sea oil holdings," while still cautious, does effectively signify the first such public promise by a major oil company and one that the Government may well use to force the pace of participation with the rest.

These indications are still but straws in the wind, of course. But there can be no doubt that they are sorely needed at a time when bank financing problems and general political uncertainties still dominate North Sea progress, for all the concessions made on taxation and for all the Government claims that its policies have played no part in the current faltering in activity and delays in output.

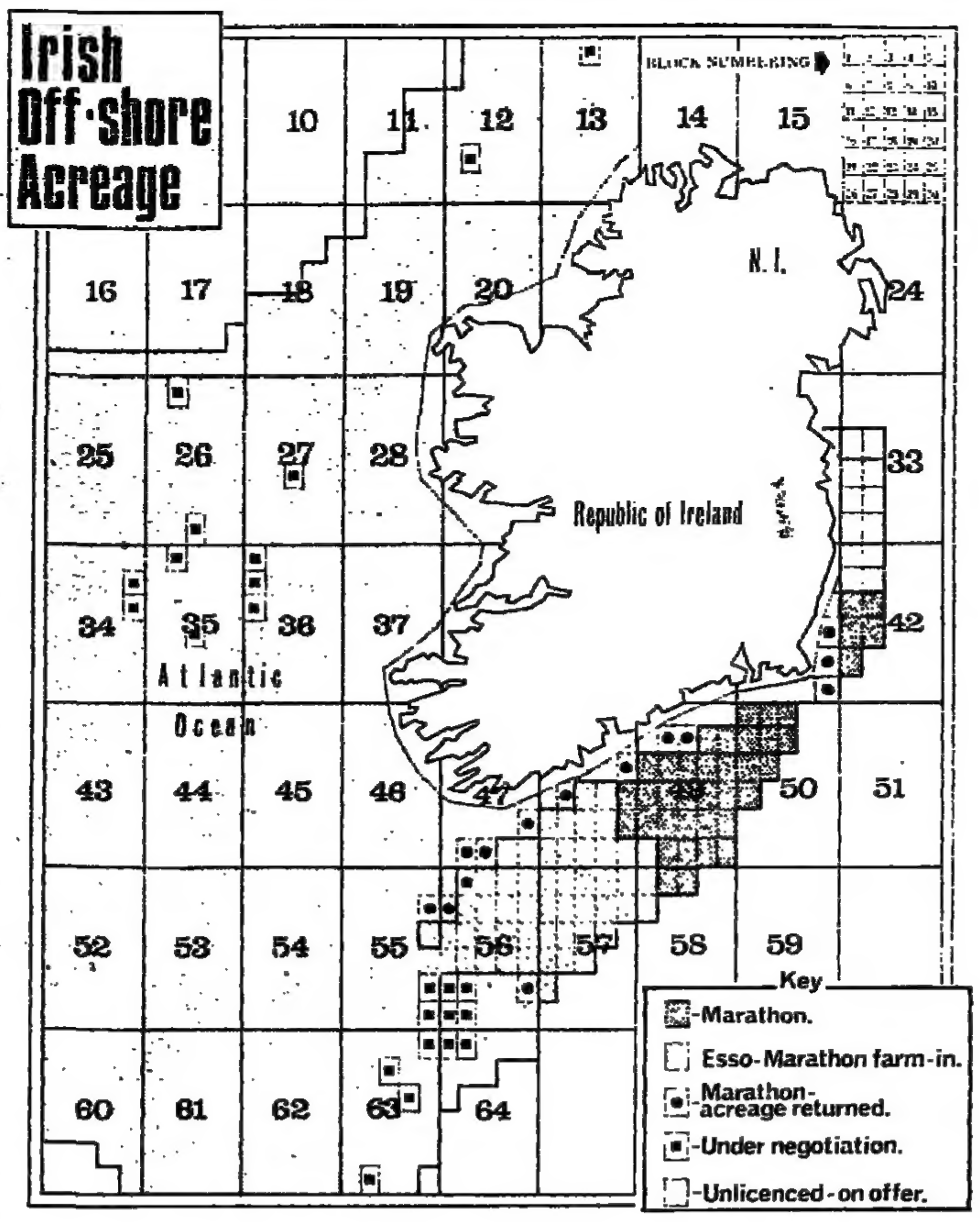
On the financial side at least, there are hopes that some of the first hurdles have been jumped. The LSMO/Cawoods/National Carbonising deal is expected to take the financing negotiations between the Ranger group and a bank consortium led by the Royal Bank of Canada one step further. LSMO includes some of the biggest names in insurance as well as various investment trusts; and this should make it that much easier for the group to support financing for the combined 8 per cent. share of the three companies in the $3bn. Ninian development.

Guarantee

Equally, the Government's support of the Tricentrol group would seem to go some way to sorting out its financing difficulties. The initial guarantee, for $90m., is well in excess of the $52m. share that the company has in the Thistle Field financing, and the Department of Industry seems to have accepted much of the company's argument for a large contingency element in the support.

In addition, the Department appears to have improved this figure in its arrangements for a restructuring of the deal when participation is effected by promising to increase its support for Tricentrol's remaining share to nearly $60m. (implying a total backing for the 100 per cent. costs of around $120m.). It has also reassured banks that their position will be safeguarded in the participation negotiations.

The price for this support is not low. The Department, in agreement with the Treasury, has insisted on a minimum 5 per cent. royalty over the life of the field which can be increased if the project is seriously delayed. But, provided that the field can be brought into production on time in 1977, and provided that its current negotiations with a consortium of banks can now move securely ahead, the company should remain in a profitable position on the field, hopefully repaying its bank advances within three years of production start-up. Hopefully, too, it can begin to revive its exploration expenditure, which has so far suffered from its commitment of internal funds and borrowing to Thistle costs.



A sudden flow of project finance will not become available to the industry as a result of these two deals. Banks are still looking at each project individually and are still highly concerned about the problems of cost and participation.

Nor do they yet seem enthusiastic to lend other than to the major companies which can support the loans on their general credit. The Royal Bank of Canada, at least, seems to want an equity interest in exchange and there is a number of details still to be worked out in the Ninian financing, just as there is in the case of Thistle. But the point, perhaps, is that even a single deal at this stage could do much to revive the flagging spirits of the industry and boost morale.

Much greater uncertainty, however, still hangs over the central issue of participation. BP's expressed readiness to negotiate with the Government is an important feather in the Government's cap on this issue—albeit one whose colour is somewhat reduced by the particular circumstances of the company in question.

The real question now, however, is how the Government will follow it up. So far the issue has been less whether the industry can accept the idea of Government's sharing in output—companies have done it all over the world and can hardly claim special circumstances here—than whether it can accept the terms offered and the objects of the Government in taking this control.

The Government has already used difficult situations to gain letters of acceptance of the principle from a number of groups, including Burmah, Deminex, Tricentrol and Associated Newspapers, and there is at least a case for arguing that participation could become a weapon for reviving development expenditure, rather than killing it, by rescuing the weaker members of consortia and injecting new finance into the exercise.

Siege

These cirmustances do not apply for the major companies, on the other hand, and it is to their bastions that the Government will have to lay siege if it is to make a reality of its broad political promises of participation control. So far it appears to have done little more than scout around the forward positions, promising vaguely attractive terms of no financial loss, and leaving it up to the companies to return with detailed suggestions as to how this should be achieved.

The result has been a virtual stalemate. Some companies, including some of the medium and large-sized U.S. independents, have expressed interest. Others, like Exxon, have given a cold response, and still others—the majority—have simply stepped back and said nothing while waiting to see what would happen. But no company has liked to be the first to give way without compulsion. Nor have any been particularly keen to give away their negotiating hand from the start by offering terms.

Even with participation, the problems are not over. Still to be debated is the Petroleum Bill now before Parliament. This has aroused considerable opposition, both because of the wide, discretionary administrative powers it would give to the Civil Service and the relevant Minister acting on discretion and because of the inherent ambiguity in the position of the British National Oil Corporation and the suggested National Oil Account to hold its funds.

But participation nevertheless remains a dominent issue in current relations between the Government and the industry. What is needed now isi some firmly-negotiated agreement to provide a model for further negotiations with other companies. British Petroleum may not be the happiest candidate for this. It is clearly sensitive, both to charges from other companies of being the "Trojan Horse" of participation and to accusations that it is ignoring the interests of its private shareholders in its dealings with the Government. But the company has a record for skilful negotiation. A settlement could well provide the key for participation talks with the other companies, ending some of the uncertainties now surrounding the whole operation and giving the Government an immediate interest in a major portion of North Sea reserves.

The political, as well as economic, problems facing a Government requiring rapid exploration activity but anxious to preserve ultimate State control have been well illustrated this week in the new Irish offshore licencing round.

Common sense

The political element has once again been expressed by a demand for participation in all new licences. But the interesting part of the announcement has been less this aspect, although it has dominated most of the Irish headlines, than the degree of common sense shown by the Government in the more detailed terms. There has been no suggestion of any change in existing licence terms, despite the political pressures and the obvious embarrassments of the Marathon agreement which gave the company a virtual monopoly of acreage with written-in limitations on the degree of tax "take" which could be imposed. Instead, the Irish Government has preferred to deal with this for the moment through a tightening of the price to be paid for gas from the Kinsale Head discovery (believed to be on a base as low as 40 cents per MBTU—or around 1.7p a therm—with escalation factors).

On new licences, the Government, advised by consultants, has concentrated more on the drilling obligations, avoiding any threat of additional taxes and giving companies reasonable security of tenure over a six to nine year initial exploration period with a 28-year "lease" period thereafter if a find is made. The sliding royalty and rental terms are not prohibitive. Nor are the surrender terms, although some of the provisions for control of depletion have raised worries.

Unique

The one unique feature has been the Irish Government's decision to negotiate with a limited number of major companies for a total of 24 blocks and to reserve these from general applications. The reasons are clear enough in the Government's initial desire to assure itself of a response to the round and to make sure that the main blocks were awarded to those most capable of developing them. But the move does appear to cut down the opportunities for participation by smaller companies and the myriad of local Irish interests which have become involved in exploration consortia.

Whether this is wise from the point of view of discouraging independent activity which might otherwise do much to gear up exploration remains questionable. There are some attractive blocks, particularly in deep water to the West, which could still be used for attracting these companies. But their number is limited and, as far as the Celtic Sea Basin opportunities to the south are concerned, virtually all the most attractive acreage would now seem closed to prospective groups not involved in the "reserved" two dozen blocks.

GKN chief criticises 'slap-happy cure'

By Peter Foster

A SHARP attack on Government industrial policy was made yesterday by Sir Raymond Brookes, president of Guest Keen and Nettlefolds and president of the Society of Motor Manufacturers and Traders.

He asked at the annual meeting of the SMMT: "What evidence is there that the present Government meaningfully wishes to encourage a free enterprise motor industry, or indeed a united Britain?"

In an obvious reference to last week's Ryder report on British Leyland, he continued "Nationalisation has proved a recipe for inefficiency, overspending, overmanning and feather-bedding in all aspects of employment and management."

"Yet the Industry Bill will impose even more of this noxious mixture as a 'slap happy' cure for the self-inflicted ills which debilitate and blight our lives."

Turning on industrial extremists he said: "Small groups of politically motivated workers can and do put thousands of their fellows out of work, delay output of desperately needed products for both home and export and divert management from the real jobs of producing and marketing better products for the future."

The threat to withdraw from the EEC was one of the greatest deterrents to coherent economic planning. "Should Britain leave the EEC, investment and jobs in Britain will decline further and faster than is already happening. . . . There will be a massive loss of international confidence in our country and our currency."

"Operating within the EEC provides a more stable economic environment for industry in Britain. The impact of fluctuations in our domestic economy can be to an extent insulated, contained and accommodated within the bigger Community of people and wealth."

All major U.K. motor manufacturers were making a loss as a result of inflation, a downturn in world demand and lack of confidence. The situation "is dramatically worse than that of 12 months ago," said Sir Raymond.

Motorists warned of new rise in insurance rates

BY STEWART FLEMING

A WARNING of further increases in motor insurance rates in 1975, on top of some 25 per cent. rises already announced by leading insurance companies this year, is contained in the annual statement of the chairman of the Norwich Union Insurance Group, Mr. Desmond Longe.

Mr. Longe says that the company's hopes of an improvement in the profitability of its motor account during 1974 were not fulfilled owing to the dramatic increase in the rate of inflation at a time when premium levels were restricted by Government control.

He goes on to point out that motor insurance is very susceptible to the effects of inflation since the cost of claims is directly dependent upon the cost of motor vehicles, spare parts and the general level of wages.

"Hence premiums must rise to meet the increased claims cost, but the time lag in these changes leaves little prospect of an improved situation in 1975."

Earlier in his statement, Mr. Longe says that, after four years of steadily increasing underwriting profits, 1974 saw a sharp reversal in the underwriting result of the company's fire and accident account from a profit of £2.4m. to a loss of £5.2m.

In March, Norwich Union announced that it was increasing its motor insurance premium rates from April 1, 1975, only eight months after the previous rise in August, 1974. The increases announced then averaged 20 per cent. Previously it had been announced that the Prudential Assurance was raising rates by on average 27½ per cent. following a year in which the company had missed out on the normal yearly motor insurance premium increases. But several other major motor insurers which did raise rates in 1974 have announced rate increases of around 20 per cent. this year.

The latest warning of further increases from Norwich Union reinforces indications from within the insurance industry that rises in motor premiums twice a year rather than once may now be necessary to cope with the high and accelerating pace of inflation.

It is pointed out that repair costs have been rising rather faster than the average rate of retail price inflation, and bear a closer relationship to wage inflation, which is already showing signs of accelerating from around 15 per cent. this time last year to a current level of around 30 per cent.

Costs and Inflation, Page 25

Awards for car engine design

By Lorne Barling

THREE MOTOR manufacturers—British Leyland, Ford and Rolls-Royce—have won British Design Council awards for developing anti-pollution systems for engines they produce.

The award to British Leyland's Austin-Morris division is for a "deceptively simple" device which automatically adjusts inlet air to a stable temperature, allowing engines to run on a very lean fuel-air mixture. As a result the engine can be finely tuned to meet exhaust emission requirements and can, it is claimed, give up to 10 per cent. fuel saving.

The ward to Ford, its second in two years, is for a system which has the potential of reducing carbon monoxide emissions during traffic halts by 90 per cent. and unburnt hydrocarbon emissions by 60 per cent. From the autumn all standard-power engines will be fitted.

Rolls-Royce's 220 Eagle Mk. 3 diesel engine received an award for the incorporation of an advanced combustion chamber designed to ensure more complete fuel combustion, thus reducing smoke potential.

HP car sales up 24% in April

BY JAMES McDONALD

HIRE PURCHASE and other credit sales of cars and other vehicles rose substantially last month, compared with both March and with April last year.

Credit deals in new private cars in April, at 25,712, were nearly 4,900 contracts higher than in March and an impressive 7,241 contracts above the level of April last year. Apprehensive pre-Budget buying may have been a factor, so this month's figures could show a reaction.

According to Hire Purchase Information, deals in used cars also were buoyant, with the total for the month, at 64,705 contracts, compared with 53,729 in March and with 57,621 in April, 1974.

Credit business in new commercial vehicles was considerably higher than a year ago, with the April total of 5,063 deals comparing with 4,630 in March and with 4,393 last April. Deals in the used vehicles sector, at 4,318, also were over 500 above the March total and nearly 350 more than in April last year.

Hire purchase sales of motor cycles and scooters shared in the expansion in trade. Deals in new machines totalled 5,930, as against 4,074 in March and only 3,220 a year ago. Used machine contracts amounted to a healthy 2,491 deals—521 more than in the previous month and a massive 1,109 contracts more than in April last year.

Even the agricultural machinery and tractors sector showed an increase over the year with 480 deals in new machines comparing with 349 last April, and contracts for used machinery, at 316, comparing with 266 a year ago.

Only caravans showed a decline in the new sector with 1,343 deals as against 1,586 a year ago. The grand total of all contracts at 117,094 deals, was 21,127 above the March total and 19,688 more than in April, 1974.

Space shortage at motor show

ALL STAND space for private cars and commercial vehicles at the 50th Scottish motor show to be held in Kelvin Hall, Glasgow, from November 7 to 15, has been allocated.

Mr. Charles Gallagher, secretary of the Scottish motor trade association, which has sponsored the shows since 1897, said yesterday that eight potential exhibitors in the heavy commercial vehicle section had been unable to get space.

Applications for private car section were over-subscribed and adjustments had to be made. Negotiations were in progress with Glasgow Corporation to rent additional space near the hall for the display of heavy commercial vehicles.

This year, 37 different makes of cars will be on show, while in the heavy commercial vehicle section Fiat, Magirus Deutz and Scania are exhibiting for the first time.

RAC launches rescue service

A NATIONAL recovery service aimed at rescuing a driver and his passengers if they become stranded through a major breakdown or an accident has been launched by the Royal Automobile Club.

Under the new scheme—which will start on June 1—a member, his car and up to three passengers will be taken to their destination or returned home.

The service also covers cars involved in accidents provided that the vehicle is not so badly damaged as to render recovery by normal means impossible. The service will cost £4 a year.

Parking charge

RESIDENTS IN Glasgow's Hillhead district will have to pay £20 a year to park their cars in the streets outside their homes, the corporation decided yesterday.

LABOUR NEWS

Liverpool dockers settle for rises totalling 20%

BY JOHN WYLES, LABOUR REPORTER

LIVERPOOL yesterday became the fourth of Britain's major ports to reach a settlement on dockers' pay this year when a mass meeting accepted an offer giving rises in average earnings totalling 20 per cent.

The vote in Liverpool, which was overwhelmingly in favour of the offer, came swiftly after Tuesday's settlement in the London docks, where a deal was accepted giving rises over the last year totalling 30 per cent.

The London deal appears to have had very little influence over the negotiations in Liverpool, where the employers offered £8-a-week "new money" to day shift men. Added to the existing £4.40 threshold, this establishes a new rate of £44.65, which is slightly over 38 per cent. above last year's level.

The employers, however, say that this level of increase will not be reflected in average earnings, which will rise from £55 to about £67 for a 40-hour week. If their estimate of the increase in average earnings is correct, then the Liverpool deal would seem to fall within the social contract's pay guidelines.

Liverpool employers, who were faced with a claim for 35 per cent. rises, were interpreting yesterday's vote by 6,000 of the port's 7,500 dockers as an example of the joint determination to maintain "the new image of the port for reliable service."

They are particularly relieved that the men have agreed to defer the introduction of a 35-hour week until next May, negotiations on its implementation to be resumed shortly.

Other aspects of the [...] include a rise in the dock fall-back guarantee and increase in sick pay. In addition there will be a 10 per cent increase on loading bonus [...] for the handling of certain [...] sea general cargoes.

After yesterday's settlement London dockers appear to have won the largest increases [...] year, but Hull dockers may [...] them close second after an [...] per cent. cost of living [...] deal last month, which comes [on] top of an 18 per cent. deal [in] October.

Men in Southampton set[tled] for a 14 per cent. total [in] January.

AUEW Right-wing key victory

BY OUR LABOUR REPORTER

RIGHT-WING engineering union leaders yesterday scored a key victory at their conference in Blackpool which set back moves towards a closer integration of the four sections of the Amalgamated Union of Engineering Workers for at least another 12 months.

For the second year running, the AUEW engineering section's policy making national committee voted narrowly in favour of rejecting proposals aimed at leading to a full merger of the AUEW.

The decision does not pose a threat to the continuation of the present loose AUEW amalgamation which was formed exactly five years ago this week by the separate engineering, constructional, foundry and draughtsmen's unions.

It is a bitter setback for Mr. Hugh Scanlon, the AUEW president, who hoped to crown his last term of office with the creation of a "super union" for the engineering industry before he retires in 1978.

The proposals foundered on Right-wing fears that they would lead to more certain Left-wing control of the union. The Right-wing opposition particularly focused on plans to create a single 300 strong policy-making conference for the comb[ined] union.

Apart from disliking [the] strong possibility that su[ch a] conference would have a mili[tant] majority, Right-wingers loathe the prospect of ending [the] historic policy-making role [of] the national committee.

After a long debate in cl[osed] session, the national comm[ittee] is believed to have voted [...] against the merger prop[osals] which have already been [en]dorsed by the other three [sec]tions of the union. Mr. Sca[nlon] was instructed to go back [...] into fresh discussions with [the] other sections to try to pro[duce] more acceptable proposals.

Two labour disputes hit 15,000 BL workers

BY OUR LABOUR STAFF

ABOUT 15,000 British Leyland workers are expected to be idle over the week-end and car production at some plants to be seriously affected because of two separate labour disputes.

At Cowley, 2,700 backup workers went on strike last night for the second time to protest at management attempts to lay off 150 men from Friday to Monday in connection with short-time working on the Marina line.

This means that about 3,000 men working on the new 18/22 model will also be laid off. Talks on a possible peace formula broke off without result yesterday.

At the same time Mini production at BL's Longbridge plant was halted by the pay strike by 700 Dunlop engineering staff in Coventry.

At Ford's Dagenham, workers decided to call off their token occupation of a section of the body plant, but unions and management failed to resolve the strike of about 80 doorhangers and fenderfitters over manning levels, which are at the root of the dispute.

Massey strike

THE Massey-Ferguson tractor plant at Coventry, which produces about 75,000 units a year—nearly 80 per cent. for export, will be at a standstill from to-day because of a pay strike.

An offer of £4.31 a week across the board plus an average of another £1.41 split variously between groups has been rejected by about 4,800 hourly-paid workers.

Dons plan strike at 5 universities

A FULL-DAY strike will [be] staged in at least five universi[ties] on Tuesday by members of [the] Association of Univer[sity] Teachers in protest against [the] Government's refusal to incre[ase] their pay in line with re[cent] awards to school and coll[ege] teachers, civil servants [and] doctors.

The AUT said yesterday [that] the Universities of Bel[fast], Leeds, Leicester, Sussex [and] Ulster had already decided o[n a] day's strike, and other ins[titu]tions including many of London University colle[ges] would stop work for a numbe[r of] hours to enable union mem[bers] to attend protest meetings.

The dons' last rise—a S[tage] Three 7 per cent. plus thresh[old] —came into force last Octo[ber] but it had been agreed earl[y] 1974.

The 27,000-strong AUT ca[lled] for an extra 18 per cent. ac[ross] the board in December, before the Houghton Re[port] recommended an average ris[e of] 27 per cent., backdated to [the] previous May, for teachers [in] non-university institutions.

Print union bans overtime

THE NATIONAL Graphical Association is to start open-ended industrial action in the general printing and provincial newspaper industries in England and Wales on Monday.

The union's disputes committee decided yesterday that the NGA's 80,000 members would ban overtime and flexibility arrangements and would hold chapel (office union branch) meetings during working hours.

Mr. Joe Wade, assistant general secretary, said: "The position will be reviewed as it develops. The action is being taken because our council has decided that the offer we have received is not satisfactory and that the only way we can secure some improvement is by taking industrial action."

The NGA rejected the pay offer made by the Newspaper Society and the British Printing Industries Federation last month. It had already been accepted by two other print unions.

The offer raises the basic weekly rate for craftsmen from £29.43 a year ago to £39 and to £41 in a second stage in November. It would incorporate existing £4.40 threshold payments.

The NGA has asked for a £45 basic rate in London and £44.20 in the provinces and a 35 hour working week.

The employers' organisations, the British Printing Industries Federation and the Newspaper Society, reacted strongly to the NGA's threatened action, saying that the union's members might be liable to instant dismissal. They claimed that their offer, if accepted by all unions, would add 12 per cent. to the industry's non-material costs.

'Powerful minority' attacked

A "POWERFUL MINORI[TY]" in active politics was see[king] power to change the face [of] Britain, Mr. William Dee[des], editor of the Daily Teleg[raph] said yesterday.

He cited the decision by [the] National Union of Journalis[ts] —the major union for journa[lists] —to pass a controversial mo[tion] on closed shops at its an[nual] meeting at Cardiff last week.

"The sad fact is that, cri[tical] as they are of other peo[ple's] affairs, journalists are [not] immune from this danger[ous] prevailing phenomenon—the small minority which kn[ows] what it wants and is determi[ned] to get, it can secure, against the odds and against the wi[ll of] the majority, the end it seek[s]."

Wool workers win 30%

BY OUR BRADFORD CORRESPONDENT

ABOUT 60,000 wool textile workers will get pay rises averaging 30 per cent. under an industry-wide agreement concluded yesterday.

The deal, which consolidates £4.40-a-week threshold money already being paid, provides a "new money" two-stage rise of 17 per cent. The total annual cost to the industry is estimated at more than £20m.

Union cleared in airport row

THE APPEAL Court yesterday absolved the Transport and General Workers Union from paying out on a £2m. claim by a Canadian baggage-handling company which alleged it was "squeezed" from Heathrow Airport by industrial action.

The blame for the three-year dispute was placed by Lord Denning, Master of the Rolls, on the British Airports Authority.

It is clear that all the trouble flowed from the way in which the BAA introduced the ground-handling service into the airport and afterwards insisted on its continuance.

Lord Denning held that the union was not liable for the actions of an unofficial, but influential, shop stewards' committee—seen by many as the real troublemakers. The union gave the stewards repeated advice, but it was ignored.

The court allowed, with costs, an appeal by the TGWU against a decision of the now defunct National Industrial Relations Court in November, 1973, on a compensation claim by General Aviation Services (U.K.). The company was given leave to appeal to the House of Lords.

Lord Denning said that trouble began in 1969, when GAS was employed to load aircraft, handle baggage and do other ground services.

Airport workers objected, took industrial action and GAS was forced out of business.

The company claimed that union members were guilty of an unfair industrial practice under the Industrial Relations Act—and that the TGWU was responsible for it.

Lord Denning said that the GAS arrangements were made in 1969 by the BAA without any consultation with airport workers.

The workers objected to GAS because they feared the introduction of an independent agency would affect their jobs and lead to redundancies. They wanted a State-owned agency to handle the service.

The TGWU was liable only if it took steps by way of "organising, procuring or financing any irregular industrial action short of a strike. I cannot see any evidence that this trade union took any such steps."

It was never the policy of the union to drive GAS off the airport. Its policy was to come to an agreement limiting the activities of GAS, and not to take industrial action.

"I think the shop stewards' committee acted on their own and the union are not liable for what they did," said the judge.

The only admissible complaint was the "blacking" of Iberian Airlines for four days. If [the] union was liable for that, [it] should be required to pay [only] "a very modest sum."

"The blame does not [lie] wholly at the door of the s[hop] stewards. It can more prope[rly] be laid at the door of BAA. [...] They handled the matter so [un]wisely that they provoked [the] action of the shop steward[s]," Lord Denning said.

Unions accused over pensions

MR. TOM Jackson, gen[eral] secretary of the Union of P[ost] Office Workers yester[day] accused leaders of other uni[ons] of being bad employers [and] having inadequate or n[on-]existent pension schemes.

They appeared to be "wear[ing] blinkers" in their pursuit [of] better wages, he says in [the] retirement planning maga[zine] Choice. Almost every ot[her] developed country had [put] more time and energy on [pen]sion schemes than Britain.

The trade union movement [in] Britain was run on a shoe-str[ing]. "The competitive nature [of] most of the British unions [...] meant low subscriptions."

Entertainment Guide

OPERA & BALLET

COLISEUM. 01-836 3161. LONDON FESTIVAL BALLET. Gala Anniversary Season to May 14. Evs. 7.30. Mats. Sat. 2.30. Tonight and Tomor. eve. Les Sylphides, Harlequinade, Pas de Deux, Prodigal Son. Tomor. mat: Les Sylphides, The Lady and The Hooligan, Prodigal Son. Mon., Tue. and Wed.: Parade, Graduation Ball. Seats avail. Tue.

COVENT GARDEN. 240 1911. THE ROYAL BALLET. Tonight 7.30 Apollo, Giselle. Tumor. 2.00 and Wed. 7.30 Coppelia. Mon. 7.30 Les Rendezvous, Shukumei, Grosse Fuge. Tues. 7.30 Les Rendezvous, Gross Fuge, Pineapple Poll. Seats available. THE ROYAL OPERA. Tonight and Thurs. 7.00 Il Trovatore. Seats available Thursday.

SADLER'S WELLS. 837 1672. May 6, 7, 9 and 10 at 7.30 Royal Academy of Music in Massenet's Cendrillon. ... New Opera Co. Gothenburg Ballet and Tokyo Ballet ...

THEATRES

ADELPHI THEATRE. 01-836 7611. Evs. 7.30. Mat. Thurs. Sat. 3.00. "JEAN SIMMONS triumphs in triumph" ... HERMIONE GINGOLD "Fabulous woman" ... JOSS ACKLAND "Beautiful performance." Observer. A LITTLE NIGHT MUSIC. "MUSIC THAT RAVISHES THE SENSES. A SHOW KISSED WITH GENIUS." ... "IT'S A REAL DAZZLER AND WORTH QUEUEING TO SEE." Sun. Exp.

ALBERY. 836 3878. Mon. to Fri. at 8.00. Sats. ... and 8.30. Mats. Thurs. at 3.0. DOROTHY TUTIN, PETER EGAN, DOROTHY REYNOLDS, CLIVE MORTON. J. M. Barrie's Comedy WHAT EVERY WOMAN KNOWS. "Excellent ... Outside subsidized theatres ..." F.T. ... "A triumph." ... Must end here May 31.

AMBASSADORS. 836 1171. Mon.-Thur. 8.15. Fri. and Sats. 6.30 and 9.45. ... THERE GOES THE BRIDE ... INCLUDED ... ALSO Late Night Revue at 11.15 p.m. HINGE AND BRACKET. All seats ...

ALDWYCH. 836 6404. FOR LIMITED SEASON ONLY RSC in Shakespeare's LOVE'S LABOUR'S LOST. ... Recorded booking info 836 5332.

APOLLO. 437 2663. ... MARGARET LEIGHTON ... GUINNESS in A FAMILY AND A FORTUNE.

ARTS THEATRE CLUB. 836 2132. ... KENNEDY'S CHILDREN. "THE PLAY IS FANTASTIC." Observer.

CAMBRIDGE. 836 6056. ... Michael DENISON, Derek GRIFFITHS, Val PRINGLE, Norman BEATON in THE BLACK MIKADO ...

THEATRES

ROYAL COURT. 730 1745. JOE ORTON FESTIVAL. Evenings at 8.00. Sats. 5 and 8.30. BERYL REID, MALCOLM McDOWELL, RONALD FRASER. ENTERTAINING MR. SLOANE. "Mesmerising." Daily Mail. "Hilarious." Evening Standard.

SAVOY. 01-836 8888. Evs. 8.0. Sat. 5.0 and 8.15. Mat. Wed. 2.30. "Alastair Sim at his best." D. Tel. RON MOODY, DANDY NICHOLS. THE CLANDESTINE MARRIAGE. Directed by IAN McKELLEN.

SHAFTESBURY. 836 6596. ... WEST SIDE STORY ...

SHAW. 388 1394. ... NIGHT MUST FALL ... HELEN MIRREN, PAULA WILCOX, TIMOTHY DALTON ... STACY ... SIMON WARD in THE HAPPIEST DAYS OF YOUR LIFE. ... All proceeds in aid of the National Youth Theatre.

ST. MARTIN'S. 836 1443. Evenings 8.00. Mats. Tues. 2.45. Sat. 5.00 and 8.00. Agatha Christie's THE MOUSETRAP. World's longest-ever run. 23rd YEAR.

STRAND. 836 2660. ... NO SEX PLEASE, WE'RE BRITISH ...

TALK OF THE TOWN. ... A TOUCH OF VENUS ... FRANKIE VAUGHAN ... DICKIE HENDERSON

THEATRE WORKSHOP. ... BLOODY MARY ...

VAUDEVILLE. ... MILLICENT MARTIN ... ABSURD PERSON SINGULAR ...

VICTORIA PALACE. ... SWINGALONGAMAX ...

WESTMINSTER. ... THE PAY OFF ...

WHITEHALL. ... PAUL RAYMOND'S PYJAMA TOPS ...

WINDMILL THEATRE. 437 6312. PAUL RAYMOND presents FIONA RICHMOND in LET'S GET LAID. Twice Nightly at 7.00 and 9.00.

CINEMAS

ART GALLERIES

CLUBS

Michael Cassell on the plight of building material suppliers as the construction [illegible]

Building up a large [illegible]

THE RECENT warnings from Sir Halford Reddish, chairman of Rugby Portland Cement, that anyone attempting to forecast prospects for building material manufacturers in 1975 was "a bold man or a fool" have not stopped the flow of dire predictions now being made by some very worried companies.

The state of the building sector has rarely been more discouraging. Last year saw one of the sharpest downturns in output ever recorded, and there is every likelihood that 1975 will be almost as bad again. An 8 per cent. drop in the volume of work last year could be repeated in the current 12 months, although there are hopes of some marginal improvement. The fall in construction output in 1974 meant some thing like an overall 12 per cent. drop in demand for building materials during the same period, although some of the hardest-hit sectors would have been almost content with such an outcome.

All-embracing

The recession has been all-embracing. Thus, while much attention has focused on the housing sector activity in both the commercial and industrial markets has also been very low.

The consensus appears to be that at best the construction industry has bottomed out. But few expect any revival to come as rapidly as the present slump descended. Mr. Richard Hermon, director of the National Council of Building Material Producers feels that as far as the component manufacturers are concerned, the bottom has not necessarily even been reached.

While there are some signs of an improvement in housing activity—down by 20 per cent. in 1974—orders elsewhere remain at disturbingly low levels and, if further salt is to be rubbed into the wound, the programme of improvement grants for both private and local authority housing, recently a big source of business for material manufacturers, is now running almost 60 per cent. below the level of a year ago. With the further reductions in central Government expenditure, activity seems set to fall further still.

Bricks

So the picture of plant closures, short-time working and redundancies throughout the material supply industries continues. As in the past, a major fear is the effect that the recession will have on the material supply industries and their ability to cope with the next period of healthy demand.

Brick producers are still smarting from the after-effects of the last boom, when their industry's capacity was left totally incapable of meeting demand and imports [illegible] blamed daily for holding back the surge in housing activity.

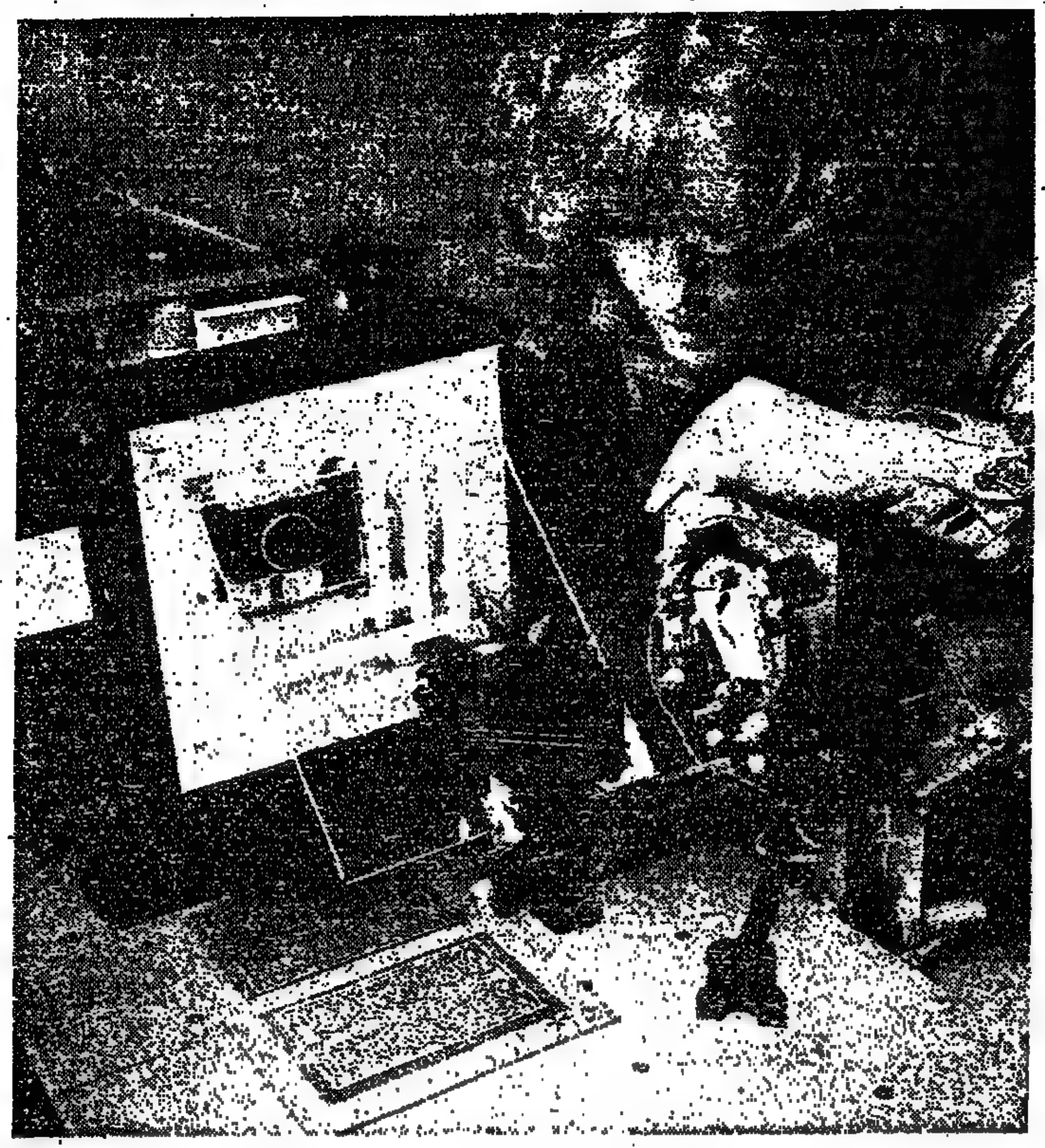
The position today [illegible]

[illegible]

The Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● ELECTRONICS



This machine, designed and built at the Mullard Research Laboratories, Redhill, Surrey, simulates the method used by a human operator to drill a printed circuit board. It locates the drilling positions by "viewing" the printed circuit board (via a half-silvered mirror) with a TV camera and by analysing the resultant image with a mini-computer. It then moves the printed circuit board to each drilling position and operates the drill. The drill is located below the printed circuit board and its position is automatically checked by projecting a reference datum (a Maltese cross) into the field of view of the camera via a 45 degrees mirror.

Fault found on any type of board

TERADYNE L125 circuit tester is a new system suitable for diagnosing manufacturing faults on analogue digital and hybrid printed circuit boards.

L125 is a development of the L115 digital card test system. The purely digital capability of the L115's guided probe has been expanded by a new algorithm which guides the operator via the probe along the failing signal paths of analogue, digital and mixed circuit boards, until the fault area has been isolated.

Teradyne, Clive House, Queens Road, Weybridge, Surrey. Weybridge 81431.

● COMMUNICATION

Reliability using both bands

TWO-WAY SPEECH as well as paging is possible with a combined uhf/vhf private communications system launched in the U.K. by Sonab, the Swedish electronics firm.

Mobile employees within or near to company premises carry a miniature pocket unit measuring 126 x 64 x 19 mm. and weighing under 170 gms., supplied either to receive and transmit, or to receive only.

Transmission from the base station to the mobile units is at uhf to achieve maximum penetration in difficult shielded locations, while the mobile pocket sets transmit at vhf to enable their necessarily limited power to make use of the longer range of these frequencies.

Base station equipment consists of uhf transmitter, vhf receiver, a central processing unit and interface equipment for either a PABX or intercommunication system.

A call to a mobile unit can then originate from any of the internal 'phones by dialling an exchange access digit followed by the mobile's numerical code. The pocket set "bleeps" and its user then simply presses a button to talk or, if the unit is simply a pager, go to the nearest 'phone.

A master telephone can also be associated with the control unit so that one mobile can be "patched in" to another. Incoming messages over the public switched network, however, have to be passed on via an operator on the master 'phone.

There are also group dialling codes for internal use so that a pre-determined group of people are connected together; alarm calls can be made to override all traffic.

The basic system can link up to 900 pocket units and additional plug-in boards can raise this to 90,000. It is also possible to employ diversity reception of vhf at base using a number of receivers, the one offering best reception being chosen automatically.

Further information from Sonab, P.O. Box 4, Oldfield Road, Hampton, Middlesex (01-979 0134).

● PROCESSES

Foam turned back into ingredients

FOAM materials made from various formulations of polyurethane present a particularly difficult disposal or treatment problem. They are bulky and slow to decompose and, so far, hard to treat chemically.

General Motors, anticipating a marked increase in the use of these foams, has developed a laboratory-scale process to recover the basic chemicals.

Superheated steam is fed under low pressure to a retort containing chopped foam. This decomposes the foam into polyol and diamine, a starter for diisocyanate, also a building block for polyurethane.

At the moment the process is being scaled up to a continuous operation under computer control and evaluation so that the maximum amount of data can be derived towards the construction of a commercial-type plant. The final aim is a unit compact enough to go into a carbreakers' lot.

General Motors Research Laboratories, Warren, Michigan 48090, U.S., for more details.

Josephson patent

MUCH FASTER switching of logic elements for computers and other devices is brought a stage nearer with the granting of a patent to James H. Greiner of IBM's Yorktown research centre on a key step in the manufacture of a "Josephson effect" unit.

The technique allows an extremely thin insulating layer of only ten to thirty atomic layers thick to be grown by a glow discharge process.

It is deposited on switches called tunnel junctions to provide an appropriate medium for the effect—"tunnelling" of electrons in accordance with wave rather than particle theory, first observed in Britain.

This phenomenon occurs at liquid helium temperatures and is associated with two different types of tunnelling, one with and one without voltage drop, the change-over being provoked by a low magnetic field.

The change occurs at speeds hitherto not attainable by electronic switching devices.

IBM, 101, Wigmore Street, London W1H 0AB. (01-935 6600).

Czech high-pressure water jets

HIGH PRESSURE water jetting units for industrial and marine cleaning and maintenance have been introduced by Sigma Engineering (M/C), 26, Church Street, Altrincham, Cheshire WA14 4DW (061-928 8986), part of the Sever Group, associated with the J. E. Lesser Group.

Known as Sigma Jets, the units produce high pressure (up to 11,760 p.s.i.) jets of water, which can reach speeds of 750 m.p.h. and are generated by a three-cylinder plunger pump made by Sigma, Olumouc, Czechoslovakia.

They incorporate features stated to simplify operation and reduce running costs. These include an automatic unloader which adjusts the pump output to the operator's demand and recirculates the water at zero pressure when the jet is not being used. This reduces the demand on the pump drive and conserves water.

Pump performance can be tailored to a particular application by changing the plunger diameter, which alters the pressure and flow characteristics of the pump. Five sizes of plunger are available.

Each unit is self-contained with either air-cooled diesel or electric motor drive. The diesel unit is mounted on a two-wheeled road trailer for use on construction sites or dock yards. The two electrically driven units for factory use are mounted on four-wheeled trolleys with swivel castors. Alternatively all units can be supplied with skid mountings for installation in a factory, on site, or board ship, or on a lorry in the case of the diesel unit.

Nozzles range from a single orifice gun for surface cleaning to complex multi-orifice versions for special duties: for example the flexible lance nozzle for cleaning small bore pipes has four rearward facing orifices which propel the lance along the pipe; three side facing orifices scour the sides of the pipe and one forward facing jet prepares the way.

For arduous applications extra cleaning power is provided by injecting sand into the jet.

Portable swager

MULTIKRIMP is a portable swaging machine being shown for the first time at the Hanover Fair. Only 8 inches high and weighing less than 54 lbs it will handle all hoses up to one inch.

The design incorporates a new system of gauge setting using a threaded die head rather than a separate vernier adjustment, providing far greater accuracy in setting the gauge prior to swaging.

Only three sets of segmented dies—each set easily and quickly interchangeable — enable all sizes of hose between ¼ inch and 1 inch bore to be swaged on the machine, and these are all included in the package. Simplicity is ensured by standardising hose couplings. Only one coupling type is required, for instance, for each hose size from one wire braid up to and including multi-spiral.

Imperial Eastman, Station Road, St. Neots, Huntingdonshire. Huntingdon (0480 73681).

● HANDLING

Travel by tube

LATEST of the pneumatic conveying systems built by the Lamson Engineering Co., Snow Hill, Stoke-on-Trent, ST1 4LZ, is the 1050, an automatic, multi-station, single line vacuum pressure system to handle documentation, small articles and production samples.

It features separate transmit and receive stations within the same cabinet and the maximum carrier payload is 1½ lbs. Carriers are conveyed through a light steel 4 inch diameter airtube.

Control is by a "send" push button, which instructs the system to accept the carrier and lights to acknowledge the instruction. An "in transit" light shows the carrier is on its way, and there is an "arrival" light at the destination, which is selected by a rotary switch.

Shackles for North Sea chains

LIGHTWEIGHT heavy duty chain and anchor shackles, made in the U.S. by Skookum and using a special alloy steel, are being marketed in the U.K. by Anglia Handling Services, Biggleswade, Beds. (0767 312125).

They are stated to meet U.S. Federal Specification RR-C-27a, to be twice as strong as the equivalent size of any American shackle on the market and to have a 5:1 safety factor. Tonnages can be increased by reducing the safety factor to 3:1 (the more usual figure for the higher capacities).

A range of shackles is available—including eyed screw pin and safety pin types—with safe working capacities up to 150 short tons (or 250 tons on the 3:1 factor). Maximum capacity is 800 short tons.

Towing shackles, with capacities up to 185 short tons are available. The shackles are intended primarily for the North Sea oil and gas industries.

● CONFERENCES

Problems of innovation

TO HIGHLIGHT past mistakes, discuss recent successes and suggest ways in which technological innovation should be organised in the future, with particular reference to the metallurgical industry, the Institution of Metallurgists has organised a conference, entitled "Innovation Management in Metallurgy," to be held at the Grand Hotel, Bristol, October 31 to November 2.

Main speakers, including Sir Montague Finniston and Sir Ieuan Maddock, will set the scene by looking at the problem first in a national context, then as it occurs in the ferrous and non-ferrous industries. These talks will be followed by a series of case histories showing how, in a variety of industrial situations, the innovation process works successfully. Examples of both processes and products will be given and projects which were unsuccessful will be discussed.

Further information from the Institution, Northway House, High Road, Whetstone, London N20 9LW (01-446 2251).

● INSTRUMENTS

Recorder is easily set up

A FOURTEEN channel instrumentation tape recorder introduced by SE Labs (EMI) is designed so that once the user has selected the mode of operation by pressing a single illuminated push button, he is taken through the setting up sequence quickly and automatically.

The SE7000A weighs 95 lb, measures 26 x 16 x 15 inches, and is suited to a wide range of high speed data applications. It has single switch selection of speed between 60 and 15/16 inches per second without the need to change filters, equalisers or gain settings. It can operate at di[...] between dc and 40 kHz, in direct mode to 300 kHz, and in pcm [...] 18,000 bpi.

Operating from mains or battery, the recorder has a built-in calibration system allowing all parameters to be checked, set up and monitored instantly without patchleads, external test equipment, or the need to [...] tape.

Further information from the company at North Feltham Trading Estate, Feltham, Middlesex (01-890 1166).

Measures dust level

VERY LOW concentrations of atmospheric dust can be measured automatically with the Philips PW 9790 monitor. Capable of unattended operation for three months or more, it is available from Pye Unicam, York Street, Cambridge C[...] 2PX (0223 58866).

Unaffected by the physical, chemical or optical properties of airborne dust, the monitor uses low-level beta radiation. This is passed through a clean glass fibre filter, and the radiation measured. A known volume of air is then passed through the filter and deposits dust.

Again the filter is irradiated but dust present absorbs more radiation than the clean filter, causing a longer count. The difference between the counting periods is directly related to the mass of dust on the filter. The mass of dust on the filter.

The filter is in the form of a 100-metre reel of tape, sufficient for about 5,000 measurements, enough for three months to two years, depending on dust concentration and sampling period. The tape is positioned in the counting gate and air-sampling gate by an electric motor.

Operating at an 8 hour sampling interval the monitor will detect dust weights down to 5 micrograms/cu.metre, using an air flow of 3 cu.metre/hr.

● *By agreement between the Financial Times and the BBC, information from The Technical Page is available for use by the Corporation's External Services as source material for its overseas broadcasts.*

● MATERIALS

Toiletry aerosol

MANUFACTURERS looking for a low permeability thermoplastic resin suitable for processing on typical pvc blow-moulding machines into small aerosol spray packs, may be interested in ICI's LPT nitrile resin.

The company's latest plastics material, it is now at development product stage and is being made on a 300 tonne/annum pilot plant at Hillhouse, Lancs.

The ALS 108 grade resin is stated to have very low permeability to a wide variety of gases, solvents, perfumes and fragrances, making it particularly suitable for the manufacture of small aerosol spray packs, such as those used for toiletries.

ICI says it offers the manufacturer of such containers greater freedom of design in terms of shape and sizes than is possible with aluminium; greater safety than with glass; the ability to accept printed decorations of high quality; and competitive manufacturing costs.

Standard equipment can be used for filling the aerosols, which can be fitted with standard valves. Another advantage is that there is less variation in the weight and volumetric capacity of containers blow-moulded with the resin, than is the case with equivalent capacity glass containers.

● DATA PROCESSING

Microfilm readers

PROVIDING A projected image 75 per cent. of the size of a computer page, the NMI 75 COM fiche reader measures only 9 x 8 x 14½ inches high and weighs under 15 lb. The unit has a choice of lenses to read 24x, 42x and 48x fiche, and for ease of maintenance a replaceable drawer contains all the electrical components.

The unit will be shown at the Microfilm exhibition (June 17 to 20) together with another new reader, the NR 410, for newspapers recorded on 35 mm. microfilm. Designed to meet the requirements of the British Library, the NR 410 provides high optical resolution across the entire screen with 360 deg. image rotation, infinitely variable magnification from 14 to 22 times, variable illumination and a scanning facility.

DEC's big on-line system

UP TO 63 users can operate terminals simultaneously on the DEC Datasystem 570 now offered to business operators. It employs an enhanced version of Digital's commercial time-sharing system, CTS 500/E. Languages supported are Basic Plus and batch Cobol.

A typical array of the 570 would consist of a PDP-11/70 with 192,000 bytes of main memory, a 1,600 bytes per inch industry-compatible magnetic tape drive, a mass storage disc drive with 88m. bytes capacity, a 300-lines-per-minute printer and ten on-line terminals.

Depending on configuration, prices will range from £74,000 to £142,000.

DEC is at Fountain House, The Butts Centre, Reading, Berks. (0734) 58 3555.

Office work speeded and money saved

SAVINGS OF £30,000 a year are estimated to have been achieved by Firth Brown Tools of Sheffield following the reorganisation of its order processing and stock control systems.

Main contributions to the savings are nine refurbished Flexowriter writing machines supplied by Scope Data Systems, also of Sheffield. The machines handle most of the documentation involved in a product range of over 15,000 items.

The machines incorporate a punch and a code-sensing reader. With documentation typed in the conventional way, the automatic punch simultaneously provides the complete or parts of the same typewritten work on to paper tape or edge punched card —for input into a computer.

The savings made were arrived at after allowing for the cost of the equipment and results from the release of about two-thirds of staff resources previously engaged on order processing and preparing material for the computer.

Firth Brown Tools thinks it will be able to make a further saving of £10,000 a year by extending the system.

Retrieval system

CAP has converted the information retrieval system SYSIF, developed by CAP France, to run on Univac hardware for Shell U.K.

After five man-years of effort Sysif is thus now available to Univac 1100 users through the CAP Group. A highly versatile on-line information retrieval system, it uses plain language programming to interrogate files and data bases. It is therefore particularly suitable for the kind of management information required by departments such as personnel and production and has been widely purchased for such purposes, on a range of machines that include IBM, CII and Honeywell.

CAP House, 14 Great James Street, London WC1N 3DY (01-242 0021).

FINANCIAL TIMES REPORT

Friday May 2 1975

مكتبة الأصل

SHEFFIELD

The city of Sheffield is prosperous, but its success is no longer founded on the dirt of heavy industry. It now has fine road communications with the rest of the country and is emerging as a commercial centre well able to rival neighbouring cities.

'Clean air city'

VISITORS arriving in Sheffield who expect grime and smoke are certain of a pleasant surprise. This "clean air city" made its final smoke control order in 1972 and it is now so proud of its clean air and blue skies that the city has even made a film about it, which is at present being shown in the U.S. The old adage that clear skies meant ruin to an industrialist has gone too, with firms in the steel industry spending millions of pounds on removing dust from the atmosphere.

The city is still prosperous, but the prosperity is no longer founded necessarily on muck. To a visitor Sheffield, with its very fine shopping, what it claims is the largest nightclub in Europe, its new Crucible theatre, and what must be the only round registry office in England, is a livewire city.

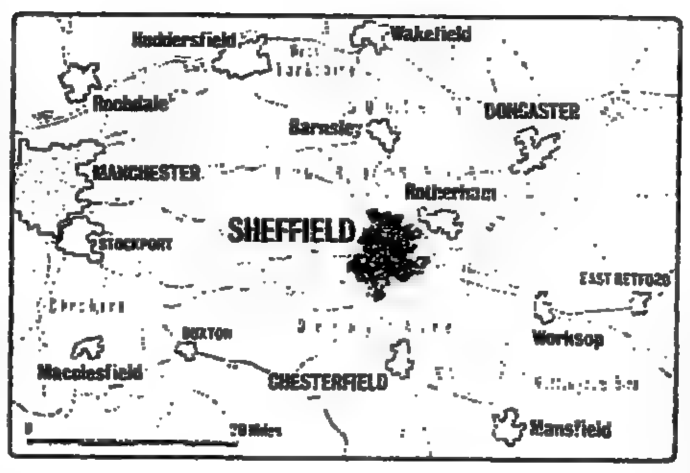
It has been described as the "largest village" in Britain and its sense of local identity might be reflected in the fact that its commercial radio station, Radio Hallam, which opened last October, is one of those making a profit at the moment. It is noteworthy too, that in a recent survey it was found that 40 per cent. of people in Sheffield listened regularly to the station, more than to any other radio station.

Ask anyone from Sheffield where the Hole in the Road is, and he will be proud to tell you. The Hole in the Road is a huge roundabout with a hole in the middle. From above it looks like an enormous flying saucer. From underneath, pedestrians walking the vast network of subterranean shopping areas can look through and see Sheffield outlined against the sky. It is not at all a bad prospect. Apart from the cleaner air, Sheffield took the post-war opportunity to re-build and, in some ways, made a pioneering job of it. To-day, much of the central redevelopment is finished but you can still see the green slopes of the surrounding hills, as well as the famous high-rise blocks of flats at Hyde Park and Park Hill.

Sheffield, with a population of 500,000, is the economic, social and cultural hub of South Yorkshire. It has struggled to retain its identity as a city in local government reorganisation in which it forms part of the South Yorkshire Metropolitan County. Its unemployment figures are among the lowest in the country, usually about 1.8 to 2 per cent. In March, unemployment in Sheffield was running at 2 per cent. when the national average was 3.4 per cent. and Yorkshire and Humberside as a whole had an unemployment figure of 3.3 per cent. The Department of Employment in Sheffield is inclined to discount the 2 per cent. unemployed as being generally people who are "unemployable" and as sometimes reflecting student vacations.

Identity

One factor which has helped Sheffield retain its identity throughout the process of local government reorganisation has been the pride of its civic leaders and of its townspeople. No-one knocks Sheffield without an outcry, one resident firmly told me. The city has been good at promoting itself at home and abroad, particularly as far as conferences and tourism are concerned. Sheffield did not miss a trick when it took a stand at the Gothenburg Exhibition in Sweden in 1972 and not only picked up a lot of business contacts, but has since been invaded fortnightly by visiting airloads of Swedes and Germans who come to Sheffield for the week-end to shop and to go to a football match.



Last year Sheffield was host to 307 conferences and in 1975 is attracting some particularly big ones. One amenity the city is short of is good hotels. At present, it has only about 500 "top" hotel beds, though this should be increased when a proposed Holiday Inn opens in the next year or two with another 230 beds. Sheffield's Publicity Officer, Mr. Peter Wigley, who is by inclination as well as by job one of the most enthusiastic promoters of the city, still feels that there will be a top hotel bed shortage of 250 but explains that large conferences can be handled in the summer when university halls of residence provide an extra 2,000 beds for visitors.

An important changing feature of the city is its success in the past five years in attracting office developments and organisations to fill them. "We've been outshone for a long time on the commercial side by cities like Manchester and Leeds, and the city council was concerned that with our dependence on the steel industry we had too many eggs in one basket," says Mr. Wigley. One consequence has been a proliferation of new office blocks so that at present Sheffield has 500,000 square feet of office development either under construction or in the pipeline. Since 1970 this has been one of the fastest growing aspects of Sheffield's business life, especially as a number of organisations have been persuaded by Sheffield's attractions to move their headquarters from London to this Yorkshire city.

First to arrive were Buck and Hickman, tool distributors originally from Whitechapel, who moved to Sheffield and created 100 new jobs in the process. The next success was the Midland Bank, which last year moved its overseas branch to Sheffield and is now moving the registrars branch and is thus creating nearly 500 new white-collar jobs for the city. At the end of last year, Freemans, the mail order company, decided to move one of its departments to Sheffield and will provide 600 new jobs in the city over the next two years. In recent weeks, the Manpower Services Commission has recommended moving its headquarters to Sheffield, with staff support for the idea, and this could create 350 new jobs for Sheffield. Meanwhile, the city is now trying for the Health and Safety Commission as the next newcomer to move its headquarters there.

Sheffield is emerging more as a commercial centre to rival neighbouring cities than ever before. Road communications are good with the M1 and A1M links to London, the East Midlands and West Yorkshire, including Leeds. Office rents are still generally below Leeds prices, with a number of new office developments letting at around £2 per square foot and really prestige developments letting at just under £3 per square foot. Steel City House, for instance, a refurbished neo-classical office building in the centre of Sheffield, has air-conditioned offices to let at around £2.70 per square foot.

Clubs

There has also been a great growth in the city's night life, with many new night clubs and restaurants, including The Fiesta night club which is claimed to be the largest in Europe. Sheffield's modern Crucible Theatre which has had excellent box-office returns and as well as providing a stage for many acclaimed productions is a busy lunch-time venue for businessmen, shoppers and students alike.

There is always something going on in Sheffield in the traditional sphere, too. Sheffield parks (there are 48 of them, totalling some 200 acres) are alive with band concerts, power-boat races, pop concerts, galas and rallies all summer round. This year the city is launching "Sheffield Spectacular" to run from June to August so that the people of the city can all do their own thing. So far there have been 1,400 entries for more than 700 events, with 300 organisations involved.

"We're not a highbrow city," says Mr. Wigley. One of the "Spectacular" events will be a great Sheffield Race, a relay held simultaneously in seven different parks, with people competing on skis, pogo sticks, stilts, cycling up the river and ferrying air beds across the lake.

What attracts people to come to Sheffield to live, especially the wives of men with jobs in organisations like the Civil Service or the Midland Bank? The shopping, including department stores, is among the finest to be found anywhere in England. Rail and road services to London, the North and the Midlands are good. Private housing is cheaper than in London. There is no shortage of entertainment or of sporting interest either. One of the most attractive features though, must be the nearness of the Peak National Park, only a few minutes' drive from the city. The topography of Sheffield itself means that even city workers can pop up the hills for a quick lunchtime sandwich in that invitingly clear air.

Eileen Totten

Twin-sector steel city

THE PAST YEAR has seen a number of large pebbles fall into the hitherto calm waters of the private steel sector in Sheffield, leaving the industry waiting rather anxiously to see when the ripples would end.

The period since nationalisation of most of the steel industry in 1967 has been one of consolidation and rationalisation for the Sheffield producers, whose products include much of the high-value steel used in various sophisticated applications from aerospace to tools. Some mergers have taken place within the Sheffield industry and areas of overlap or anomaly with the BSC have been sorted out. Free—or so it seemed—from any further threat of nationalisation the industry stepped up its investment programme to a new peak last year, with further large sums due to be spent this year and next.

Over the past few months, however, the whole question of the edges between the State and independent steel sector, and of the role Government agencies could play in further rationalisation has been reopened, ironically enough by problems in the private sector but outside the steel industry.

The Sheffield steel makers have always put great stress on local control of the Sheffield groups and their prejudices in this direction will certainly have been strengthened by what has now come to be known as the Johnson, Firth Brown affair. The Jessel Securities group having built up a 35 per cent. stake in JFB—formed from a merger between Jessel's Manchester-based industrial arm, Johnson and Nephew and the Sheffield group, Thos. Firth and John Brown—was forced by difficulties in the parent's financial operation, to put its shares up for grabs, attracting as far as Sheffield was concerned some unwelcome attention.

The JFB affair has now been settled very much to the satisfaction of the rest of the private sector with the placing of the Jessel shares with institutional investors, but this has left three disappointed parties. The BSC was itself in the reckoning, hoping through a complete take-over of JFB to strengthen its position in the alloy steel sector. The unions saw the opportunity for further extension of public ownership, though they were wary of the BSC, feeling their highly specialised part of the industry might be playing third fiddle behind the BSC's bulk and special steel sectors.

For the Government the incident has also proved frustrating, and has brought to the fore again its disquiet over some of the powers which the European Coal and Steel Community (ECSC) now holds over the steel industry in the U.K. The Government has been concerned in particular at the spread of mini-mills in the U.K. within the private sector and the threat this poses to supplies of scrap required by the industry as a whole.

Further State involvement in the extra-special steels sector, possibly through the National Enterprise Board, when set up, was seen as a means of achieving this and BSC involvement in JFB could in the short-term have been a step towards this. The ECSC while agreeing to a BSC take-over imposed certain conditions on the Corporation, however, including insistence that it should dispose of JFB plants in Manchester and Glasgow. While the Corporation was making up its mind the prize was whipped away.

Merger

Apart from Johnson, Firth Brown, the other important name in alloy steels is Dunford Hadfields, part of the Dunford and Elliott group, which now also includes Brown Bayley. Another sizeable grouping is being formed from the merger earlier this year of the tool steel specialists, Edgar Allen and Balfour Darwin. In forgings Daniel Doncaster has expanded its operations through acquisitions, though this remains a sector where some further regrouping seems possible.

The dividing lines between the public and private sector have also been tidied up. The BSC acquired soon after nationalisation the Firth Vickers stainless steel plant at Shepcote Lane owned by Firth Brown, with that company picking up in return the main alloy forgings part of the BSC's River Don works. More recently in 1972 Edgar Allen acquired the BSC's remaining interests in tool steel with the purchase of the Openshaw Tool plant. Again, largely under the influence of the then Conservative Government's hiving-off philosophy, some BSC wire interests were handed over to Bridon, and to Tinsley with the Corporation retaining an interest only. In bright drawn bars a joint company was set up, Lee Bright Bars, 55 per cent. owned by Arthur Lee and 45 per cent. by the Corporation. Under this Government the tide has reversed a little with the BSC buying back the stake in Sheffield Rolling Mills held by Balfour Darwin and James Neill.

Though anomalies remain the rationalisation that has taken place has been in response to the industry's need for larger units to generate the resources needed to modernise plant and to make the fullest use of new equipment. Both Brown Bayley and Dunford Hadfields had major development schemes in hand at the time of their merger and according to the management will be able to make better use of the facilities now that planning can go ahead on the basis of a company double the size of the two original concerns. Another saving is in skilled manpower, which remains in short supply in Sheffield.

The new group is in fact currently in the middle of a £26m. re-equipment programme including the installation of a new 100-ton electric arc furnace at Brown Bayley to replace three open hearth furnaces. This is being accompanied by other developments in the rolling mill and in scrap, billet and ingot handling, which will put the combined steelmaking rolling and forging facilities of the group in balance and make it the largest independent alloy steel producer.

The Arthur Lee group has moved away from the ingot and sees itself more as a fabricator, processor, and engineer of steel. It it currently completing installation of a new £2m. high speed mill for rolling very thin stainless steel strip, for which demand in the U.K. has previously largely been met by imports. The company—turnover last year £43m.— also has high hopes for a new iron foil, development of which has been entrusted to it by the BSC. If successfully developed the material could emerge as a competitor both in terms of price and performance to aluminium in packaging, and could also find a wide range of other applications, including in particular where magnetic or electric conducting properties are required. The company has also recently completed the transfer of wire making to an expanded plant at Ecclesfield from one of its older works.

JFB, as well as being involved in various takeovers, has also managed to invest more than £20m. over the past four years including the installation of new electric arc facilities. Samuel Osborn has also invested heavily on a new site at Ecclesfield.

Difficult

But although, as the British Independent Steel Producers Association points out, 1974 was marked by the most ambitious programme of new investment by the private sector since nationalisation, recent months have also proved to be among the most difficult ever experienced by the industry. Although most of the companies reported record profits last year earnings would in most cases have been far higher but for constraints outside the industry's control. In the first place much of the investment was timed to coincide with the boom in steel demand last year, but because of delays in the supply of equipment, arrived too late, and is now being introduced in some cases at a time when the market has fallen away.

On top of this the industry was hit throughout the boom by the inability of the BSC, which accounts for roughly half the private sector's raw steel requirements, to maintain supplies. According to some steelmakers cuts of as much as [illegible] per cent. in supply from BSC were made, and if there now increased interest in mi[ni-]mills by the private sector it partly because the argument self-sufficiency is carrying m[ore] weight.

The private sector st[eel]makers also had to contend w[ith] steep increases in the [cost of] their steel supplies and [appear] to have been seriously a[ffected] by the time lag before Commission approval c[ould be] obtained to recoup part of [the] increases.

With the boom in de[mand] now well past the Shef[field] steelmakers are currently [suf]fering the worst downturn [in] trade since the 1930s. W[hile] other more sensitive indust[ries] closer to the consumer are u[sed] to the cyclical effects of b[oom] and depression, its orienta[tion] towards capital goods [and] exports has usually ensured Sheffield a relatively st[eady] flow of work at all times. [With] the depression affecting [all] countries and industries [the] present year has seen the i[ntro]duction of short time wor[king] in most product areas. th[ough] there have been some e[xcep]tions. The wire rope produ[cers] are currently very busy m[eet]ing demand from energy rel[ated] industries including North [Sea] oil, other offshore produ[ction] areas and the coal ind[ustry] worldwide. Forgings too remained buoyant.

Rhys Da

Home of high quality

THE REPUTATION of Sheffield cutlery goes back centuries; Chaucer mentions that one of his characters carried a "Sheffield thwytell," a kind of wooden-handled knife. To-day there are about 100 firms producing cutlery in the city and Mr. Douglas Iveson, Director of the Sheffield Chamber of Commerce, predicts that the numbers will be halved during the next few years. Despite this, cutlery is still important to Sheffield, whether it is made in steel or silver. Sheffield has captured both ends of the cutlery market, producing mass-produced stainless steel everyday cutlery and also very fine sterling silver cutlery which generally finds its way abroad.

As Sheffield has long specialised in quality cutlery, so it has also become known for its special steels. These include high-speed steels, tool steels and certain unusual steels used, for instance, in the aero-industry. Steel produced in Sheffield may average about £2,000 a ton but in some special cases it can cost hundreds of thousands of pounds per ton.

It is well known that the steel industry runs in cycles of four or five years and everyone has been forecasting, not unnaturally, a recession this year. The British Steel Corporation, which has its Special Steels Division based at Sheffield, is beginning to feel the draught in some areas. It supplies the automobile and engineering industries and also provides steel for many consumer durables, such as kitchen sinks and refrigerators. The effect of the economic situation on BSC in Sheffield is reflected in the fact that the production of stainless steel sheet, used in consumer durables, has dropped to 50 per cent., that of carbon steel strip for motorcar components, has dropped to about 66 per cent. and the production of carbon steel bars has dropped to 95 per cent. The production of alloys and carbon billets has as yet not really been affected.

BSC's employees are on a five-day guaranteed week, so at present there is no short-time or lay-offs as men are being found alternative work within the organisation. But the whole question of BSC's future labour requirements is now the subject of a confrontation between Sir Monty Finniston, chairman of the Corporation, and the Secretary for Industry, Mr. Anthony Wedgwood Benn. At the moment BSC is seeking to suspend the guaranteed week, and dismiss as many as 22,000 employees all over the country as part of a massive cost-saving exercise.

BSC is trying to look, though, through the present trough to the long-term prospects. It plans to spend £140m. in Sheffield in the next few years, including £60m. developing new plant in the Special Steels Division. The effect over five years should be to double capacity and BSC's long-term plans are to stop the rise of imported steel into this country.

BSC is hoping that there will be an improved supply of special steels from its Sheffield plant from the beginning of 1976 and its policy is not only to reduce steel imports but to push up its own exports as well. At home, BSC in Sheffield already produces all the very fine stainless steel strip for razor blades in this country, and is only rivalled in this special field by two other world competitors.

Recession

As the steel industry is affected by the recession already hitting the automobile industry and consumer goods, so industries in Sheffield which are themselves dependent on steel will be affected, too. Running parallel with the steel industry in Sheffield is the tool industry, with firms making anything from do-it-yourself hand tools to massive machine tools. Another industry dependent on steel, and almost as important as tools, is the refractory industry.

Among the highly successful engineering firms in Sheffield is Dormer, Europe's largest twist drill and engineers' cutting tools manufacturer, which also makes its own steel wire and machine tools. As a whole, Dormer has about 35 per cent. of the British drills market and 20 per cent. of the taps and dies market in this country.

Steel is not the only metal produced in Sheffield, which has been acquiring a reputation also with precious metals and pewter. Two big companies specialise in smelting gold, silver and platinum, they are Johnson Matthey Metals, and Sheffield Smelting Company, which was privately owned for 200 years and is now part of the Engelhard group. The metals are used primarily in industry, especially in electronics and in telecommunications. But there is an increasing interest in producing medallions and commemorative coins, especially for export all over the world.

Sheffield has always had a fear that it had too many eggs in one basket in that all its major industries depend upon steel. Over the years it has built up some interest in the food and confectionery field, with firms like Batchelors being based there. But it has been the concern of both Sheffield's Chamber of Commerce and the city's authorities to bring in new industry and different types of industry. One factor which helped was the creation of Mosborough, a new community of 18 self-contained townships. It is here that most new industry in Sheffield will be placed.

Two attractions of Mosborough to incoming industrialists are its placement within a mile or so of the M1 and the fact that Sheffield as a whole is an Intermediate Development Area. As yet, new industry has only come to Mosborough in a trickle but the new town is preparing for an influx on to its Holbrook Industrial Estate which will have about 60 acres to offer.

The city has also been building speculative units for factories or warehouses mainly to encourage the expansion of existing industry. One development of these is already full and development of more speculative units, on a module of 1,800 square feet, will be starting soon on the Leigh Street site in the city centre. Rents for these speculative units are about 99p per square foot.

Sheffield is now beginning to attract service industries and has been particularly successful in the commercial field. Mr. Iveson thinks that this a[rea] is most important as it pro[vides] jobs which will keep sc[hool] leavers, and graduates from [the] city's university and [poly]technics in Sheffield. [Shef]field is a city which has al[ways] been short of skilled craft[smen] in the steel and engine[ering] industries. Even in bad t[imes] firms have been advert[ising] desperately for skilled la[bour]. Now, labour is short [right] across the board, provi[ding] better job opportunities [and] career prospects for y[oung] people than in most other c[ities] in Britain. Sheffield has or[e of] the most consistently low [un]employment figures in [the] country.

Eileen Tot

APPOINTMENTS

Finance director of Charterhouse

Mr. Kenneth H. Thompson has been appointed director of finance for the CHARTERHOUSE GROUP and a member of the group executive committee. He was formerly financial director of Cope Allman International.

★

Mr. J. J. G. Brown, a director of JARDINE MATHESON AND CO., has been appointed managing director.

★

Mr. J. Caulfield, Mr. D. O'Shea and Mr. N. Talbot Rice have been appointed to the Board of M. AND G. INVESTMENT MANAGEMENT, a member of the M. and G. Group.

★

Mr. Kenneth D. Rutter has been appointed vice-chairman of UNION CARBIDE EASTERN INC., New York, from June 1. He joined Union Carbide in New York in 1973 and was appointed director-executive staff of Union Carbide Corporation last year. From 1969 to 1973, Mr. Rutter was managing director of Bakelite Xylonite in the U.K.

★

Mr. R. C. Dutton-Forshaw, deputy managing director of the Dutton-Forshaw Group, has been appointed to the additional post of chairman of BRITISH AND CANADIAN INVESTMENTS, a member of the group.

★

Mr. Henry Connor has been appointed to the Board of JOHNSON MATTHEY CHEMICALS as commercial director from June 2.

★

Mr. J. H. Dobson and Mr. M. I. Auld have been appointed to the Board of the FORD MOTOR CREDIT COMPANY. Both become directors of Automotive Finance and Mr. Auld also joins the Board of Ford Financial Trust.

★

Mr. A. L. Hood has retired from the Board of J. HENRY SCHRODER WAGG AND CO., but will remain associated with the company in an advisory capacity.

★

Captain C. T. Pitt is retiring after 44 years with the BOWRING STEAMSHIP COMPANY, including 28 years as marine superintendent. He will continue as a director and a consultant. Captain W. R. Pilling has become marine superintendent.

★

Mr. Malcolm H. Greenslade has been appointed commercial director of ANGLIA FROZEN FOODS.

★

Mr. Geoffrey Hickson, deputy chairman and former managing director of LAPORTE INDUSTRIES (HOLDINGS), is retiring from the Board on June 12 after 40 years with the company.

★

Mr. C. Bradford has been appointed financial director of YATES DUXBURY AND SONS, a member of the Tootal Group.

★

Mr. Michael Butt has been appointed deputy chairman of BLAND PAYNE (AVIATION) in addition to his existing appointments within the group.

★

Mr. A. E. Jackson has been appointed group managing director of the PIPER GROUP.

★

Mr. Philippe Taylor, marketing manager of the British Tourist Authority, takes up his new appointment as chief executive of the SCOTTISH TOURIST BOARD on Monday. He succeeds Mr. Lester Borley, who left the Scottish Tourist Board at the end of January to become chief executive of the English Tourist Board.

★

Captain C. T. Pitt is retiring as marine superintendent of THE BOWRING STEAMSHIP COMPANY. Captain Pitt will continue as a director of the company and act as a consultant. Captain W. R. Pilling has been appointed marine superintendent.

★

Mr. Carl Openshaw has been appointed secretary of the GUTHRIE CORPORATION in succession to Mr. A. E. Scott who is retiring.

★

Mr. O. T. Evans has been appointed technical director of THORN AUTOMATION.

★

Mr. Philip Maycock has been made joint managing director of JOHN PRICE AND SONS (PRINTERS).

★

Mr. G. William Barlow, Mr. N. C. Macdiarmid and Mr. P. W. Seligman have been appointed deputy presidents of the BRITISH MECHANICAL ENGINEERING CONFEDERATION. Mr. P. F. Benton and Mr. J. M. Harrison are vice-presidents.

★

Mr. T. J. Cartwright-Taylor has been appointed a director of NORTH COUNTRY BREWERIES.

★

Air Marshal Sir William Coles will retire after seven years as Controller of the ROYAL AIR FORCE BENEVOLENT FUND in August and will be succeeded by Air Marshal Sir Denis Crowley-Milling.

★

Professor Howard Purnell has been appointed chairman of SWANSEA SOUND. He succeeds Mr. John Allison, who earlier this month took over the chairmanship of West Glamorgan County Council. Mr Allison, remains a director of Swansea Sound.

★

Mr. Brian Jobling, a director of Kingsley and Keith, has joined the Board of the parent concern, FEDERATED CHEMICAL HOLDINGS.

★

Mr. Joseph J. Snyder has been appointed a director of MONTAGU BOSTON INVESTMENT TRUST.

★

Mr. J. I. McGhie has been appointed special adviser on the Japanese market to the BRITISH OVERSEAS TRADE BOARD. He will take up his position, as head of the Board's exports to Japan unit, in June. Mr. McGhie is now completing a tour of duty as commercial and economic Minister in the British Embassy in Tokyo. He succeeds Mr. Peter Wakefield, who is to become HM Ambassador at Beirut.

★

Mr. Robert O. Anderson, chairman and chief executive of Atlantic Richfield Company, has been elected a director of CARTER HAWLEY HALE STORES, INC.

★

Mr. Egon von Greyerz has been appointed an executive director of DIXONS PHOTOGRAPHIC and group financial controller.

★

Mr. K. C. J. Hutton has been appointed chairman of GREENGATE CABLES and Mr. F. A. Nash and Mr. K. Miller have joined the Board. Continuing directors are Mr. K. A. Fillmore (managing), Mr. W. K. Lewis, Mr. L. Mole, Mr. C. D. Campbell and Mr. H. L. Fairbrother (secretary). Retiring directors are Mr. G. A. Lemon, Mr. A. E. O'Connor, Mr. E. Lee and Mr. R. S. Smith. The company was recently acquired by A. C. Cossor.

★

Mr. Edward Rollinson has been appointed director of the WORLD TRADE INSTITUTE, the teaching member of the London World Trade Centre.

HOME CONTRACTS

A. MacAlpine wins £6.8m. by-pass work

The Minister for Transport has accepted the £6,803,455 tender of SIR A. McALPINE (NORTHERN) for the 4.6 mile Brigg by-pass, South Humberside, which will form part of the new East-West route between the M18 Rotherham-Goole motorway at Thorne and Grimsby. It will by-pass Scunthorpe, incorporate the Brigg by-pass and extend to the western outskirts of Grimsby.

★

ICL has received an order from J. Sainsbury for a dual 2900 system worth more than £1.4m. Due for delivery in 1977, it will be installed in a new, purpose-built, computer room at their head office in Blackfriars, London, and will be use dto develop further on-line food distribution ssytems currently run on ICL equipment.

★

PIRELLI GENERAL CABLE WORKS, Southampton, has won orders totalling over £1m. for cables for North Sea platforms now building. Four platforms are in the Brent field where, following an initial contract from Shell/Esso of £80,000 for Brent A, further orders totalling £400,000 have been received for Brent B, C and D. Shell/Esso has also placed an order worth £128,000 for their Dunlin field platform. Other contracts include one of £250,000 from Taywood-Santa Fe for the Burmah Thistle field platform, one of £125,000 from Amoco for the Montrose platform, and one of £90,000 from Phillips Petroleum Co. Europe-Africa for its Edda and Eldfisk platforms in the southern North Sea.

★

AMEY ROADSTONE CONSTRUCTION has successfully tendered, at £1,295,497, to the Minister for Transport, for the construction of the 1.8 mile long Mere by-pass on the A303 trunk road in Wiltshire. The road will by-pass Mere to the north, with interchanges at the eastern and western ends catering for traffic entering and leaving the town.

★

EMI GROUP has won contracts totalling more than £500,000 to design and supply complete packaged fire defence schemes and associated systems for offshore platforms being built for North Sea operations.

The work, which was placed with the Minerva marine division of AFA-Minerva (EMI), Twickenham, Midlesex, is to protect two Shell-operated and two Conoco gas compression platforms, together with one accommodation and one gas treatment structure for the joint French-Norwegian venture, Elf-Norge. Equipment being supplied ranges from fully-automatic fire detection and alarm systems and automatic extinguishing systems to portable extinguishing equipment, hazardous gas detectors and general alarm networks.

★

GENERAL DESCALING COMPANY, Worksop, has received a £300,000 contract to provide "scraper pig traps" for the Shell/Esso Brent oil field, from Shell U.K. Exploration and Production. Pig traps are stations through which equipment for proving, testing, cleaning and corrosion detecting is introduced into and removed from the pipeline under normal flow conditions. The order covers 17 traps in line sizes up to 36 inches for both oil and gas service. In addition, General Descaling is providing traps for the 93-mile long, 36-inch diameter offshore pipeline from the Cormorant pumping and storage platform to Firths Voe, Shetland.

★

PLESSEY TRAFFIC AND INSTRUMENTATION, Poole, has won contracts worth £250,000 from the Department of the Environment to supply motorway signalling systems and matrix indicators for the southern extension of the M1 and for part of the new M27.

★

MARRYAT JACKSON NORRIS has been awarded a £125,000 multi-service contract for engineering services in the Kettering central area development—phase II. These include internal drainage, cold water storage and distribution, sprinklers and fire mains, gas supply to offices and shops, heating of the office block, and ventilation of the enclosed shopping mall.

★

RACAL INSTRUMENTS, Windsor, has received an initial order worth £100,000 from the Ministry of Defence (procurement executive) for frequency standard distribution systems. These will be used in connection with the calibration and repair of Clansman radio equipment both in the field and at base workshops.

★

CORY BARGE WORKS, part of the Ocean Transport and Trading Group, has won a contract for further restoration of the historic tea clipper Cutty Sark, in permanent dry dock at Greenwich. Work, which is being financed by the Cutty Sark Society, is scheduled for completion in 1976.

REFUGE ASSURANCE COMPANY LIMITED

The Annual General Meeting of the Refuge Assurance Company Limited was held on May 1st at the Chief Office, Oxford Street, Manchester, Mr. M. Wilcock Holgate, the Chairman, presiding.

The following is his statement which had been circulated with the report and accounts for the year ended 31st December, 1974.

Since my previous statement, a number of changes have been made at Board and senior management level. The name Smith has an honoured place in Refuge history and I welcome the appointment of Mr. P. W. D. Smith as Deputy Chairman, his father, the late Sir William Proctor Smith, had the distinction of occupying the chair on the occasion of the Company's centenary in 1958.

Two members of the Board, Mr R. Webster and Mr. R. J. Bryce, have resigned from their executive positions in charge of finance and Chief Office respectively, on attaining retiring age. The Company owes a debt of gratitude to both these gentlemen for the valuable contributions they have made over many years, and I am sure you will be glad to know that we shall continue to have the benefit of their advice as members of the Board.

As from 1st January 1975 we have appointed Mr. D. E. Berry, who has been executive director in charge of Field Staff, to be Managing Director and Chief Executive, and Mr. A. T. Booth to be Assistant Managing Director. Mr. Booth retains the position of Secretary, and Messrs. V. G. Ramsden, R. Stevenson and W. N. Brewood have been appointed General Managers. We wish all these gentlemen success in discharging the heavy responsibilities which they now bear.

The Company's business during 1974 was conducted against a background of national economic difficulties. Interest rates reached an unprecedentedly high level and the fall in market values of investments continued. The Financial Times Industrial Ordinary Share Index, which had declined by over 30% during 1973, fell from 344 to 161 during 1974 to reach a point less than one-third of its level two years earlier. I propose to comment further on these matters and also to refer to various legislative measures affecting the insurance industry which have either been enacted or are in prospect, but before doing so I would like to direct your attention to the main features of the Company's accounts for 1974.

In the Life Branches new policies were issued for annual premiums of £5,745,000 and single premiums of £942,000; these policies provide for sums assured amounting to £107.2 millions and annuities of £754,000 per annum. The corresponding figures for the previous year were £5,436,000 and £1,866,000 in annual and single premiums respectively, £104.7 millions sums assured and £727,000 per annum annuities.

The total premium income of the Life Branches in 1974, including single premiums and annuity considerations, was £35,759,000. The income from renewable premiums showed an increase of £1,952,000 over the previous year but there was a decrease of £924,000 in single premiums as a result of the decision to cease issuing Guaranteed Income Bonds because of the tax changes in March 1974. The total amount paid to policyholders during the year was £32,822,000 including £14,803,000 in respect of endowment benefits.

The total expenses borne by the Life Branches, including sums transferred to the Staff Superannuation Fund, amounted to £11,710,000 an increase of £1,136,000 over the previous year. The ratio which the total expenses bear to the premium income (including consideration for annuities) was 41.1% in the Industrial Branch and 19.9% in the Ordinary Branch, the corresponding figures for 1973 being 39.2% and 18.2% respectively. This sharp increase in the expense ratios is a matter of grave concern, and it is clear that further increases in expense to which we are already committed will result in even higher ratios for 1975.

An important event during 1974 was the sale of our subsidiary, the Federated Employers' Insurance Association Limited, to the Allstate Insurance Company of Northbrook, Illinois, one of America's largest motor insurers. The sale marks the end of a close association lasting over 20 years, but we believe it is in the best long term interest of both Refuge and Federated. The Federated was acquired in 1953 as an investment of the Ordinary Branch and has played a valuable part in helping to build up Fire and Accident business in the Refuge. Since 1st October 1972 the Refuge has been writing Fire and Accident business for its own account, independently of the Federated. This is not affected in any way by the sale and we shall continue to develop this important branch of our business.

You will have observed from the Balance Sheets that the Shareholders' Funds, which have previously appeared partly in the Industrial Branch and partly in the Fire and Accident Branch, have now been combined in a single column. The reason for the change is the requirement under Section 23 of the Insurance Companies Act 1974 for the assets representing the long-term funds (the Ordinary and Industrial Branches) to be segregated from the Company's other assets. The assets representing the Industrial Branch Funds as at 1st January 1974 were split, on the basis of market values at that date, between the Life Assurance Fund and the Shareholders' Fund. Although the Balance Sheet presentation has been altered the Shareholders' Funds remain liable in respect of all policies and other contracts in all Branches.

The fall in market values of investments during 1974, to which I have already referred, brought the total valuation of our invested assets at 31st December to a level below the total amounts shown in the Balance Sheets. It would have been possible to deal with this situation in both Life Branches by transferring from the Assurance Funds sums sufficient to cover the whole of the depreciation. This, however, would have involved calculating the liabilities on the basis of net rates of interest which, whilst they could readily be justified in the light of the position at 31st December, were higher than we would have considered reasonable as a permanent basis for the future. We took the view that the very low level of market values at 31st December was likely to be transitory and that it would be appropriate to adopt a basis other than market values for certain assets. The redeemable fixed interest stocks (British National and Local Government securities and industrial debentures) have therefore been valued by discounting future income and redemption money at a rate of interest of 10% per annum; this valuation of these stocks, together with market values of other assets, has been used as a basis for the certificates to the Balance Sheets. The increase in Stock Exchange prices during the first few weeks of 1975 produced a position in which the total market values of the assets exceeded the Balance Sheet values less the Investments Reserves. So far as the liabilities are concerned, it has been apparent for some time that, because of the continuing high level of interest rates generally and the resulting increase in the yield on the invested funds, it would be desirable to make some increase in the net rates of interest assumed in valuing assurances. We have, therefore, increased these rates from $2\frac{1}{2}$% to $3\frac{1}{2}$% in the Ordinary Branch and from $2\frac{1}{2}$% to 4% in the Industrial Branch. Out of the sums released by these changes, £8 millions in the Ordinary Branch and £10 millions in the Industrial Branch has been transferred to Investments Reserve.

In a press release issued after the Queen's speech in October last, the Secretary of State for Trade, Mr. Peter Shore, outlined "proposals for a compulsory insurance protection scheme." There would be a levy on premiums to establish a fund which, without providing 100% indemnity except for compulsory third party insurances, "would be made available for the benefit of policyholders of insurance companies which petition the court for liquidation" and "would also be available to assist rescues of companies where this was preferable as a means of protecting policyholders." The insurance industry accepts the need for some measure of protection and has, indeed, put forward detailed proposals to provide appropriate guarantees for private policyholders of a company forced into liquidation. The industry has, however, consistently opposed the extension of such a scheme to cover rescues as envisaged in the latter part of the statement quoted above. So far as this company is concerned (and our position will be typical of many others) payment of the levy would reduce the funds which would otherwise have been available to increase the bonus allocations to our own policyholders. We do not believe it is right that our policyholders should suffer to support the payment of full benefits to the policyholders of a company in difficulties which may well be transacting a very different and more speculative, type of business. It is clearly in the interests of all that steps should be taken to endeavour to prevent these difficulties from arising in the future. The Insurance Companies Amendment Act 1973 (now consolidated in the Insurance Companies Act 1974) gives the Department of Trade wide new powers of supervision. Some of these powers have been implemented by Regulations, and other Regulations are awaited; it is our earnest hope that their full implementation and exercise by the Department will ensure a healthy insurance industry in which any guarantee fund will be largely superfluous.

Changes in the rules relating to tax relief on life assurance premiums, to which I referred in my statement a year ago, have only just been embodied in legislation and most of them will not take effect until an "appointed day" which has not yet been announced. The interval since the prospective changes were outlined in the Budget speech in March 1974 has allowed ample time for discussion to take place on the practical aspects of their implementation. There is no doubt that these discussions have resulted in some simplification which will ease the administrative burden on Offices, and the industry is indebted to those who explained its views and problems in negotiations with the Revenue.

The provision of retirement pensions, and the relationship between the State scheme and occupational schemes, has continued to be treated like a political football. The Social Security Act 1973 required all employees not covered by a "recognised" occupational scheme to be included in a Reserve Pension Scheme which would have produced an earnings-related benefit on top of the basic national insurance pension. In May 1974 the Labour Government announced that this part of the Act would not be implemented, and in September its own proposals for the future development of pensions were published in a White Paper entitled "Better Pensions." This also envisaged a second pension to be provided either by employers or by the State, but on a more ambitious—and costly—basis than the scheme which the Conservatives would have introduced. In addition, the White Paper envisaged that pensions should be fully protected against rising prices, but its proposals in this connection, if enacted without modification, would have been difficult or even impossible for occupational schemes to undertake. Even in the modified form in which they appear in the Bill which is now before Parliament, it is clear that these proposals involve a costly and far-reaching commitment for any employer who decides to provide the "second pension" through an occupational scheme. Apart from this prospect, the present background of rapidly rising earnings poses formidable financial problems for schemes providing pensions related to earnings at or shortly before retirement. Meanwhile, the provisions of the 1973 Act relating to preservation of pension rights for employees leaving after a minimum of 5 years' membership, are effective from 6th April 1975. Our own Company scheme has been amended to comply with these requirements and, in spite of the uncertain future, some other improvements in pension and gratuity benefits have been introduced at the same time. We have also taken steps to increase the supplementary allowances payable to pensioners: a new scale, effective from 1st January 1975, provides for additions ranging from 8% of pension for those who retired in 1973 to 165% of pension for retirements in 1946 and earlier.

Looking to the future, you will be interested to know that we have recently reviewed all our Ordinary Branch premium rates. Only minimal changes have been made in the rates for with-profit contracts, but there are substantial reductions in rates for non-profit contracts including temporary assurances. We have also re-designed the Company's Tables of Rates Book, eliminating a number of types of contract which had ceased to attract a significant volume of business and introducing one new one. We hope that the various changes which we have made will assist our Field Staff in achieving the substantial increase in business which is essential to the prosperity of the Company in inflationary conditions.

Investments

The fall in Stock Exchange prices during 1974 was the most severe yet recorded in this country, reflecting an almost total loss of confidence on the part of investors generally. Such *very sharp falls in market values* are disturbing, but I have on a previous occasion referred to their relatively minor consequence for long-term funds such as ours. Whilst we certainly do not welcome them we can derive compensating benefit from the opportunities they create to invest at very high rates of return.

Overall, the balance of our portfolio is little changed over the year. The shares of our subsidiary, to whose sale I have already referred, were held as an investment of the Ordinary Branch and since the sale was for cash this had the effect of reducing the amount of the invested assets by £1.3 million. Apart from this, holdings of ordinary stocks increased during 1974 by some £2½ millions. Property by £1½ million, and some £1¾ million increase is recorded in the total of outstanding House Purchase Loans. We ended the year in a modestly liquid position with some £10½ millions on short term deposit.

The total assets of the Life Branches as shown in the Balance Sheets, increased by £9.0 millions to £316.2 millions, the division between the main classes being as follows:

	£ (millions)	
British National and Local Government Securities	90.7	28.7%
Debentures, Loan Stocks, and Preference Shares	64.7	20.4%
Mortgages and other Loans	42.6	13.5%
Ordinary Stocks and Shares	75.8	24.0%
Land and Property	23.8	7.5%
Other assets	18.6	5.9%

Investment income has again grown substantially, by over £2.6 millions to £25.3 millions. In each of the past two years I have referred to a distortion in the flow of dividends, which will have resulted in some "artificial" increase in the level of revenue received in 1974, but this is a relatively minor factor and it is pleasing that the yields on both life funds again show substantial increases. The gross interest yield was £8.99% in the Industrial Branch and £9.28% in the Ordinary Branch. These figures are not directly comparable with those for 1973, partly because of the "artificial" increase mentioned above and also because of the extent to which they reflect the amounts transferred to Investments Reserves as at 31st December 1974.

Fire and Accident Business

The premium income in the Fire and Accident Branch amounted to £2,368,000, an increase of £174,000 over 1973. The results of the year showed an underwriting loss of £45,000, of which £29,000 related to the motor insurance account. Permission to increase our motor premium rates was granted by the Department of Trade, and motor car rates were increased by 22½% on 1st December, 1974. The benefit from this will, of course, accrue mainly in 1975, but a further increase in rates may well be necessary in view of recently published statistics which show an increase over the past year of some 28% in garage repair charges and 35% in the cost of spare parts.

After bringing in investment income there is a total profit after tax of £89,000. It has been considered appropriate to add the whole of this profit, together with £70,000 carried forward from the previous year and £200,000 transferred from General Reserve, to the Fire and Accident Investments Reserve which is thereby increased to £609,000.

Valuation and Bonuses

Because of the increase in the net rates of interest assumed in valuing the liabilities in the Life Branches, no valid comparison can be made between the surpluses revealed in 1974 and the corresponding figures for 1973.

In the Ordinary Branch the rate of reversionary bonus declared on with-profit policies in respect of each year's premium due and paid in 1974 is £4.00% on the sum assured or £4.20% on the annuity, as the case may be. The corresponding rate for the previous year was £3.80% for both types of contract. In addition, with-profit policies which become claims by death or survival of the endowment term after 31st March 1975 and before 1st April 1976, and which were issued more than 5 years before the year of claim, will receive a terminal bonus at the rate of 70p% on the sum assured for each qualifying year. The corresponding rate of terminal bonus declared a year ago was £1.00%.

In the Industrial Branch the rate of reversionary bonus for premium-paying policies which were in force on 1st January 1975 is £2.80% on the sum assured, an increase of 20p% over the corresponding rate declared a year ago. As in previous years, certain other increases in benefits, varying with the year of entry, have been granted to policies becoming claims within the next year.

Profit and Loss Account

The aggregate amount transferred into the Profit and Loss Account from the surpluses of the year in the Industrial and Ordinary Life Branches is £1,150,000.

The Directors have declared a final net dividend for the year of 9.70p per share on the 10p "A" Ordinary shares and 4.85p per share on the 5p "B" Ordinary shares, making the total net dividend for the year 12.50p and 6.25p per share respectively.

Conclusion

During a period of rapidly rising prices Staff at all levels are naturally concerned that their own earnings should not fall behind in terms of real purchasing power. There can be little doubt that it was apprehension on this score which led in 1974 to a period of unofficial "industrial action" by a small group of Agents and Section Managers in the South Wales area, and to a "walk out" lasting half a day at Chief Office. However, a solution to the problem of maintaining adequate levels of earnings will not be found by conflict between Management and Staff; on the contrary it demands the maximum amount of co-operation. Insurance is a labour intensive industry and almost 90% of our expenses consists of remuneration and other Staff payments. It is important that everyone should work effectively, and essential, if earnings are to keep pace with rising prices, for premium income to increase correspondingly. A Joint Investigating Committee consisting of representatives of Management and Field Staff, with the help and advice of two independent consultants, is examining these problems in depth. We wish the Committee every success in its labours, and we extend our grateful thanks to its members and to the rest of the Staff in the Field and at Chief Office who continue to strive for the well-being of us all—shareholders, policyholders, and Staff.

M. WILCOCK HOLGATE.

PARLIAMENT

THE EEC REFERENDUM

Ministers stress need to combat inflation

Healey hints at changes in pay guidelines

BY JUSTIN LONG, PARLIAMENTARY CORRESPONDENT

THE CHANCELLOR, Mr. Denis Healey, yesterday condemned recent "irresponsible comment" about the Government's attitude to the falling value of sterling against other currencies. He told the Commons: "I should like to emphasise now that I do not want to see a further depreciation of sterling."

Mr. Healey also made clear that after the next round of pay settlements he believed it would be necessary to consider means of achieving stricter adherence to the guidelines.

"There may be a case for reconsidering some elements in the guidelines," he said during a question-time probe by MPs.

"I don't think it would be sensible to seek to change the guidelines as they now stand towards the end of an existing wage round as it would be regarded, and rightly so, as extremely unfair to those who have not yet had the chance to make their settlement," the Chancellor added.

He further indicated that he had in mind talks with those concerned, and added: "Whether it is desirable to include the CBI in the talks is a matter for consideration."

The exchanges about the view the Government takes over the fall in the value of sterling were opened by Tory backbencher Mr. John Biffen, who holds firm "monetarist" views.

Mr. Biffen contended that the "continuing unprecedented weakness of sterling was the clearest possible storm signal that a Budget deficit of over £8bn. was causing widespread anxiety."

He wanted to make a bet that Mr. Healey would be "back here cutting public expenditure as soon after the referendum as is decently possible."

Mr. Healey said he had only once taken a bet in the Commons, and he had won it. "I do not propose to take any bets on this occasion," the Chancellor told MPs, and then made his reference to the amount of "irresponsible comment" recently on the Government's attitude to the position of sterling.

"As I indicated in my Budget speech, a continued downward drift in our exchange rate would further increase pressure on both domestic costs and prices," he said.

"Unless and until we bring down the rate of inflation in the U.K. to that of our main trading partners, there will obviously continue to be a risk of strongly adverse market pressure on the rate.

"I do not believe that the size of the public sector borrowing requirement was behind the recent pressure on sterling. It was more the inflation rate in Britain compared with other countries.

'Scandalous'

Liberal finance spokesman Mr. John Pardoe asked how the Government expected to reduce wage inflation in the coming year when "scandalous increases" for civil servants and higher salaried people had just been agreed.

Mr. Healey maintained that in these cases the settlements had been the result of inquiries by independent review bodies, which any Government tampered with "at its peril."

"Shadow" Chancellor Sir Geoffrey Howe asked the Chancellor to clarify his Budget statement that increases should compensate only for an increase in the cost of living. "Does this apply before or after taking account of the increases in indirect and direct taxation?" Sir Geoffrey wanted to know.

Mr. Healey emphasised that if the unions sought to recover the tax increases he had been compelled to impose by claiming more excessive settlements, then the only alternative to tax increases was a cut in public expenditure, which would be damaging to everyone's interests.

Treasury Chief Secretary, Mr. Joel Barnett, said later in a written Parliamentary answer: "The country as a whole is living beyond its means.

"In 1974, we spent over 5 per cent. more than we produced. As a consequence of this the current account deficit rose to £3.8bn. To put this right there will have to be sacrifices. We are determined to see that these sacrifices fall on those most able to afford them."

In a further answer, Mr. Barnett said the external value of the pound sterling, in terms of its trade weighted effective rate declined by 15.9 per cent. between the end of June 1972 and March this year.

That represented an average 6.1 per cent. per annum. Over the same period, the internal purchasing power of the pound declined by 31.4 per cent.—some 12.8 per cent. per annum.

Leyland Bill before Whitsun, MPs told

By Richard Evans,
Lobby Correspondent

THE BILL enabling the Government to buy British Leyland shares following the Ryder rescue operation is to be introduced into the Commons by Mr. Anthony Wedgwood Benn, the Industry Secretary, before the Whitsun recess.

Mr. Edward Short, leader of the Commons, told MPs yesterday that he intended the Commons to debate the brief Bill at the same time as the Order sanctioning the next £50m. payment to the company.

All the indications last night were that the Opposition will oppose both, on the grounds that the whole Government philosophy towards British Leyland is misconceived.

The BL crisis has forced the Conservative leadership to rush forward a new policy towards ailing industries to fill the gap that has been increasingly evident since the collapse of the Selsdon "lame duck" philosophy after the 1970 general election.

Details will be spelled out in two speeches to-day. First, Mrs. Margaret Thatcher, the party leader, will outline the proposals in general terms at Derby while Mr. Michael Heseltine, the industry spokesman, will put the policy into a specific British Leyland context in a speech in his Henley constituency.

Basically, the policy favours limited aid by the Government to ailing companies while they organise themselves back to profitability. What the Opposition is against is the preservation of such companies by massive State aid without any commitment to future viability.

But Opposition leaders were insistent yesterday that there is to be no return to the old "lame duck" philosophy. Major companies will not be allowed to go to the wall but will be helped back to profitability.

Key elements in the policy will be full disclosure of all facts about a company's position and finances and an attempt to gain the full co-operation of management and unions before any rescue operation is mounted.

Plain speaking on social contract

BY PHILIP RAWSTORNE

A DAY FOR plain speaking in the Commons yesterday—perhaps inspired by the opinion poll showing that three-quarters of the population did not know the meaning of the social contract.

For the best part of an hour, Mr. Denis Healey, the Chancellor, and Mr. Edward Short, Leader of the House, spelled it out.

It meant, they said, that wage increases should not exceed the rise in prices. And that unions should not seek compensation for the Budget's increased taxes.

Didn't that mean a reduction in the real standard of living? asked Mr. James Prior.

"That is exactly the position," said Mr. Short. The country would not get out of the inflationary spiral—"now our own responsibility"—if wage claims cancelled out the Budget taxes.

"I want to make that absolutely clear," he reiterated. "Let there be no doubt about it at all."

Mr. Healey told MPs that there was a strong case for ensuring that the TUC's wage guidelines should be followed more rigidly in the next round of pay settlements.

"There may be a case for reconsidering some elements in the guidelines," he added, for if unions again left those rails, the country would plunge into higher inflation and unemployment.

"I have no intention of compelling the taxpayer to pay for excessive wage settlements in the public sector," Mr. Healey warned. And the only other alternative course was through cuts in public expenditure.

"I would like to emphasise," Mr. Healey added, "that I do not want to see a further depreciation of sterling."

Mr. Short, in turn, stressed that the Government did not want to turn back to "an arid statutory incomes policy." With more faith than was apparent even among some of his own backbenchers, he declared: "I refuse to believe that the nation cannot face up to the fact that inflation is our own affair and deal with it."

Encouraging the Government along "the road to realism," the Tories, of course, finally came round to demands for the removal of Mr. Anthony Wedgwood Benn, whom they see as a natural obstacle to such progress.

"One of the most gifted and able Ministers," said Mr. Short, adding, with commendable honesty, that the Government was not responsible for the Secretary for Industry's speeches on the Common Market.

Tory votes foil Left challenge to voluntary planning agreements

BY JOHN HUNT

LABOUR LEFT wingers on the Standing Committee considering the Industry Bill staged their biggest rebellion against the Government yesterday when they tried to force through an amendment which would have the effect of making planning agreements compulsory for the top 200 companies.

The amendment, which also sought to make industry reveal a wider range of financial information, was defeated by a Government majority of seven (18-11). Voting for the amendment were nine members of the Left wing Tribune Group plus a Labour moderate, Dr. Jeremy Bray, and Mr. Dafydd Wigley, Welsh Nationalist.

Yet again the Government was saved from defeat only by the support of the Conservatives—the ninth time this has happened in the committee.

The Left-wingers emphasised that the amendment was a critical test of the seriousness of the Government's intentions in implementing the party manifesto. They were strongly critical of Mr. Harold Wilson's earlier assurances that planning agreements would be voluntary.

Spearheading the Left wing attack, Mr. Brian Sedgemore (Luton, W.) said that if the amendment were rejected, Mr. Michael Meacher, Under Secretary for Industry, should go back to the Prime Minister and the Cabinet. He should tell them that if they did not operate along the lines suggested in the amendment "then the Government would in the next couple of years destroy itself."

MR. MICHAEL MEACHER
"You can take a horse to water . . . ."

But replying for the Government, Mr. Meacher again stressed the voluntary nature of the Bill. He said that if many companies, particularly in key sectors, refused to enter into planning agreements, the Government would have to consider other methods of achieving its aims. Even then, however, he ruled out compulsion and hinted that it would be a matter for argument and persuasion.

Bluntly, Mr. Meacher told the rebels: "You can take a horse to water but you can't make it drink. You can force a company into a planning agreement and into signing a document, but whether you can force it to make changes in the manner of its economic activities is quite another matter. That is not the role of the law in industrial and economic operations."

However, if no companies were prepared to enter into planning agreement, the Government would have to consider it again. If a large number of key sector companies were not prepared to make such agreements the Government, although it would not use compulsion, would have to consider "other means."

But, he emphasised, it would be wrong at the outset to impose obligations before the voluntary system was given a chance to work.

Pressed by the Conservatives to say what he meant by "other means," Mr. Meacher explained that he was not suggesting the Government would force compliance with planning agreements. In the case of widespread refusal, it would be a matter for consultation with the CBI and TUC to determine whether companies would enter into objectives which were widely held. He had every conviction that planning agreements would be entered into voluntarily.

Mr. Sedgemore said that the amendment was intended to limit and make more acceptable the free enterprise "jungle." It stressed the essential role of the unions in planning agreements. The clause on planning agreements in the Bill was badly drafted. It seemed to introduce them and then forget all about them.

Price restraint losses Bill

THE COMMONS yesterday gave a formal first reading to the Statutory Corporations (Financial Provisions) Bill. Introduced by the Chief Secretary to the Treasury (Mr. Joel Barnett), it extends the provisions in the Statutory Corporations (Financial Provisions) Act 1974 for compensating certain nationalised industries for their losses caused by price restraint.

Next week's business

COMMONS business next week is:

MONDAY: Employment problems and prospects for school leavers, debate on hospital pay beds, Lords amendments to Prices Bill.

TUESDAY, WEDNESDAY: Defence debate, followed on Wednesday by Lords amendments to Referendum Bill.

THURSDAY: Finance (No. 2) Bill, second reading, Shipbuilding Industry (Northern Ireland) Order, 1975.

FRIDAY: Private Members' Bills.

MONDAY (May 12): New Towns Bill, second reading, Prevention of Terrorism (Temporary Provisions) Act 1975 (Continuance) Order.

Lords business is:

MONDAY: Referendum Bill, committee; Farriers (Registration) Bill, second reading.

TUESDAY: Referendum Bill, remaining stages; Policy Holders Protection Bill, second reading.

WEDNESDAY: Debate on the need for a united approach to the nation's economic and industrial problems.

THURSDAY: Coal Industry Bill, Railways (Transfer of Undertaking) Bill: Public Service Vehicles (Arrest of Offenders) Bill, second readings.

Housing vital, Minister tells GLC

BY JUSTIN LONG, PARLIAMENTARY CORRESPONDENT

THE GOVERNMENT last night issued forthright discouragement of any proposal from the Greater London Council for cutting its municipalisation programme involving the purchase of privately-owned flats and houses.

Mr. Reginald Freeson, Housing Minister, told the Commons that the present level of this activity by local housing authorities had to be maintained. Even with the present strains on resources, this policy represented the best way of dealing with vital housing problems, the Minister maintained.

"If we don't, the problems are going to overtake us in London and other cities," he declared, when a late-night row broke out over the GLC's budget and the heavy burdens it provided for ratepayers.

Tories accused the Government of part responsibility for the GLC's problems. Even the possibility of London going bankrupt and becoming "seemingly ungovernable" was raised by one Opposition back bencher, during debate on the Greater London Council (Money) Bill. This authorises the capital finance for the council during the coming year.

From the Opposition front bench, Mr. Geoffrey Finsberg expressed approval of reports that the GLC was seeking to cut its financial requirements.

MPs on both sides had in mind a report that main savings of up to £50m. might come from reduction of the municipalisation programme.

But Mr. Freeson said bluntly he hoped there would not be such a cutback. The present policy was right for London if the reduction in rented accommodation was to be stopped.

"Social ownership remains the long-term aim of County Hall. So I hope it will reconsider any proposed cut in municipalisation."

Under the scheme, about 14,000 properties had been bought in London as a whole—about 3,000 by the GLC. Housing associations had purchased a further 6,000 houses. This was a modest total, Mr. Freeson maintained, in a situation where there were 400,000 sub-standard houses in London.

The Opposition did not oppose the second reading of the money Bill, for a total estimated expenditure increased from £820m. to £888m., but Mr. Finsberg contended that the Commons had a right to expect the GLC to conform to the Government's wishes for spending restraint in the current financial situation.

"The sooner Parliament ceases to be a rubber stamp in this form, the better," he added.

Short regrets document 'leak'

ONE OF sixty odd printers might have been involved in the leakage of the document "Britain's New Deal in Europe," Mr. Edward Short, Leader of the Commons, told MPs yesterday. This was one of a number of lines of inquiry being followed, he said.

During business questions, Mr. Short was asked by Mr. Ian Gow (C., Eastbourne) if he intended to make a statement about "the premature publication" of the document, which will be received by every British household before the national referendum on EEC membership.

Mr. Short said: "The leakage of Government printing must cause us great concern." His office received a telephone call to say that a newspaper had the document.

Mr. Short said he "very much regretted" the matter and had authorised the immediate publication of the document after consulting the two organisations in the EEC campaign.

"We are looking into the way the leak occurred. There are a number of lines we can follow." One of the lines involved inquiring into which one of the "sixty-odd" printers might have been involved.

P.O. deficit may be higher

A POST OFFICE estimated deficit of £70m. for the current year, assumed at the time of the Budget, was now likely to be higher, Industry Under-Secretary, Mr. Gregor Mackenzie, said in a Commons written reply yesterday.

He told Mr. Michael Heseltine (C., Henley) that the Post Office chairman (Sir William Ryland) had informed him of this last week. The chairman had been asked for further information.

Take action on 'back-handed' benefits–MP

LABOUR MP, Mr. Gwilym Roberts (Cannock) yesterday pressed the Government to take more action against "back-handed" fringe benefits to business executives.

He said these benefits had tended to increase, and could include not only things like cars and houses but servants and "God knows what else these days."

Treasury Minister of State Mr. Robert Sheldon, pointed out that fringe benefits were already taxable when received by business employees earning £5,000 a year or more, or by company directors. The way the Chancellor could carry out his intention, announced in the Budget to take further action, was under investigation.

Trevor Humphries
A solitary heckler challenges Mr. Anthony Wedgwood Benn during the Secretary for Industry speech to a May Day rally in Hyde Park, London, yesterday.

May Day marchers stres hostility to Europe

BY JOHN WYLES, LABOUR REPORTER

CALLS FOR a "no" vote in the Common Market referendum dominated speeches at the traditional May Day rally in London yesterday, which heard Mr. Anthony Wedgwood Benn exhort the labour movement to spearhead the anti-Market campaign.

Placards carried by many of the 3,000 people who marched through Central London to Hyde Park showed concern with other issues. But the number of "Common Market No" slogans far outweighed calls for the release of the two Shrewsbury building pickets and attacks on capitalism.

Standing under dark skies at Speakers' Corner, the marchers, who included members of at least 15 trade unions, the Communist Party and organisations further left and a host of constituency Labour Parties, were told by Mr. Benn, the Industry Secretary, that the Common Market issue was "one of the biggest political battles the labour movement has fought in its history."

The battle centred on three main issues: cheaper food for the British people, jobs, and Britain's right to make its own laws. Mr. Benn, who doubted that the media would report the arguments fully, said the labour movement must take its anti-Market case into homes, factories and shopping centres.

The Industrial Secretary was given a quiet hearing, save for some spirited heckling from two Irishman, and drew the warmest response with his declaration that the Ryder report on British Leyland, coupled with the publication of the Bills nationalih the aircraft and shipbuil industries, meant that on Day "300,000 workers were b welcomed into the public sect

Mrs. Muriel Turner, an as ant general secretary of Association of Scientific, T nical and Managerial Staffs, the EEC would severely res the Labour Governme freedom to strengthen economy.

Liverpool's traditional Day march and rally was al washed away by torrential The 7,500 dockers stayed of the day and many of the m building sites were halted in the other industries, inclu the car firms, only token d gations joined the rally.

More than 5,000 trade unio had been expected to take in the two-mile march to waterfront but fewer than arrived to hear Labour MPs E Heffer and Mrs. Renée Short.

Dockers at Hull also took day off and left a dozen sh idle. The only movement in docklands estate was when p sengers and drive-on cars w taken on board the ferry ship

BRITISH Airways and British Caledonian are to offer half-fares for all U.K. citizens overseas in Europe who want to fly home to vote in the EEC referendum on June 5.

The special fares will be available only to U.K. passport holders, for the day of travel and four additional days, one of which must be June 5. They will be available from anywhere in Ireland, Europe and North Africa, including the Canaries and Morocco.

County results may be embargoed

BY JOHN BOURNE, LOBBY EDITOR

A NUMBER of county declarations of their votes in the referendum should be declared on Friday, June 6, the day after the poll. However, the coming Government Order on its referendum legislation is expected to prohibit any such declarations until a specified hour on that day.

This is to prevent overseas opinion from drawing misleading conclusions about the outcome of the national vote from the first few declarations, conclusions which some Ministers feel could lead to pressure on the pound.

But they do not expect the final national result to be known until Saturday evening when the Outer Hebrides and the Orkneys should have completed their counts.

The Government Order will also empower local officers to order re-counts where the voting is very close, and also Sir Philip Allen, the national officer, to order a national recount by all the counties if the overall total of votes is very close.

So theoretically, it is possible for counties to be involved in two re-counts—separated by several days. One would be ordered by the local officer and the other by Sir Philip. This was one of the objections of the Government to a county vote.

It's 'no' at the Co-op.

By Lorne Barling

THE LONDON Co-operative campaigning "in the interest consumers" against Bri membership of the EEC, thro its political and district c mittees.

A number of pamphlets being distributed on the stren of funds from the political c mittee of the society, its p president, Mr. David Ainley, s last night. Members were participating in the work other anti-membership c mittees.

He added: "The London operative is opposed to mem ship of the Common Market we are active in opposing it cannot say how much is be spent on doing so."

One pamphlet, enti "Brussels—the New Capital Britain?"—says that the takes away the rights of pe to run their own affairs and tributes to the high cost living, inflation and growing employment.

The society, the Lon branch of the national Co-op tive movement, has been po cally active for many years, said the pamphlet had been p lished in the interest of c sumers.

Many unionists favour staying in, Lord Feather

BY OUR LABOUR STAFF

BRITAIN would "soon be knackered" if she pulled out of the Common Market and tried to go it alone, Lord Feather, former TUC general secretary, said yesterday. He was launching a new movement, "Trades Union Alliance for Europe," of which he is president.

A great number of trade unionists were in favour of Europe, Lord Feather said, and the new movement's chairman, Mr. David Warburton, a national officer of the General and Municipal Workers' Union, argued that all those unions that had reconsidered their attitude to the EEC since renegotiation were now in favour of staying in.

This indicated that more and more rank-and-file union members would come to support Europe as the referendum date approached, and that they would deliver a "massive" yes vote in the end, Mr. Warburton added.

The Trades Union Alliance for Europe was formed to help this development along, particularly in unions still officially anti-Market under decisions taken before renegotiation was completed.

Lord Feather advocated continued British membership on two grounds—standards of living and of social services were now much higher in the founder members of the Community than in Britain, and the EEC was a "tailormade" organisation for gaining control over the conduct of multinational companies.

The movement, which, according to Lord Feather, has only a "few hundred pounds" to spend, plans to sell pamphlets explaining the advantages of EEC membership and the disadvantages of withdrawal, and to organise pro-Market meetings in the run-up to the referendum.

Tory guide to referendum ready to-day

By Malcolm Rutherford

THE CONSERVATIVE Pa will publish to-day its offi Guide for the Referendum C paign entitled "Yes to Europ According to the Conservat Central Office, it is primar intended to help Conservati argue the case for keep Britain in the Communi

The 96-page booklet is par historical and partly factual.

There is a collection of comparable tables showing t record of Community membe on such things as econom growth, consumer prices, ind trial disputes and on the soci services.

On a more polemical no there is a list of useful quo tions. Mr. Eric Heffer, who Mr. Wilson dismissed as Min ter of State at the Departme of Industry, is quoted as sayi in the House of Commons May 8, 1967: "I believe in t United Socialist States Europe, and as a first step t wards it, I believe that we mu get this country's adherence the EEC."

Copies from Sales and Suppl Conservative Central Office, Smith Square, London, S.W. Price 50p.

Challenge to 'antis' over investment and industry

MR. GUIDO BRUNNER, a member of the European Commission in Brussels, last night challenged anti-Marketeers to give any instance where the Community had prevented Britain from expanding investment or modernising industry.

Mr. Brunner, a member of the German Free Democrat Party, was speaking in London at a May Day rally staged by the Liberal Party.

Anticipating criticism that he, a foreigner, should intervene in the referendum campaign, Mr. Brunner claimed that he felt he had a duty to come to the U.K. just now. "What better time is there to talk to a friend, a relative, than when he is about to make an important, even a historic decision?" he asked.

'No Labour power struggle'

BY JOHN BOURNE

LABOUR MARKETEERS were accused yesterday of seeking to dramatise Labour's division on the EEC into a power struggle for the leadership of the party. The charge was made by Mrs. Renee Short, MP, an anti-market member of Labour's National Executive.

Speaking in Liverpool at a May Day rally she said that the Marketeers had failed to say the same thing about the Tory Party, which was also divided "with a large number of its constituency associations refusing to back the official line of support for the EEC."

GST travel taken over

ADVENTURE International Cl is to take over the holiday co mitments of GST, a you peoples' trek company which h suspended operations. Adventu will honour GST depos

The Executive's World

EDITED BY JAMES ENSOR

DAVID ORR, OF UNILEVER, ON PLANNING AGREEMENTS

'There is a need for more openness'

THE RELATIONSHIP between Government and industry, whose healthy state has been a feature of most of the world's really strong economies from Germany to Japan, has by general agreement sunk to an all-time nadir in present-day Britain. It is not just that industrialists feel misunderstood by a Labour Government, which displays strong dogmatic tendencies: it is more that a whole series of legislative Bills from Employment Protection through Industry to the establishment of the National Enterprise Board appear to be invading what was traditionally regarded as the private preserve of management.

Much industrial reaction to the Labour Government's proposals has been couched in such obviously reactionary terms that a man as shrewd as the Industry Secretary Mr. Tony Benn has had little difficulty in brushing it aside. Too often, industrialists and industry spokesmen have countered essentially democratic propsals with bombastic language and an appeal to ancient shibboleths.

Opponent

Mr. David Orr, the chairman of Unilever's British arm, has been a consistent critic of the Industry Bill for the obvious reasons of state regulation, state-subsidised competition and disclosure of strategic information.

But he has taken the trouble to articulate his arguments in intelligent, rational language and to work out concrete counter-proposals which achieve the sensible aims of involving workers in the companies they work for without damaging disclosures. As a Board member of one of Europe's largest and most ubiquitous companies, Mr. Orr is in a strong position to compare the different approaches adopted in countries like Germany, the Netherlands and France to a common problem.

"I do feel," says Mr. Orr, "that we need a more constructive relationship between Government and industry in planning matters. But the Government must make up its mind whether it wants an efficient and competitive industry or intervention and job preservation at all costs."

Unilever, as a food producer, has had for many years good relations at senior level with the Ministry of Agriculture Fisheries and Food and with successive Ministers. It has, particularly of late, found its products more and more in the political arena — with for example butter subsidies, removing the competitive edge of margarine and making its production unprofitable.

Mr. Orr remarks: "Even Mrs. Shirley Williams would admit that the margins and return on capital in the food industry are abysmal." He adds: "The British food industry has been the most efficient in Europe: whether it will be in five years' time is very doubtful." And he argues that Government intervention, which should have been aimed at producing a more profitable and efficient industry has, in practice, had the reverse effect.

He proposes that the relationship between Government, industry and the unions should be handled on two quite separate levels. "At the industry level, a mechanism exists in the Neddies where the Government, industry associations and the key trade unions could conduct sensible discussions." He emphasises that "There should be much more discussion of the profitability of the total industry and the investment plans of the industry in total." He feels that these should be on a sector by sector basis, with consumer interests represented by the Government.

At the second level, the companies would be ready to discuss their plans with the sponsoring Ministry but, of course, in a climate of confidence and trust.

He points out that plans are subject to change at short notice because of market or economic conditions. "It is only by building up a climate of confidence that people will be prepared to discuss their tentative plans when they know that the Government will realise and be sympathetic when a change has to be made." Unilever has found that in France, Germany and Holland, it has been possible to have a more frank exchange of information and more respect between civil servants and industry, because there is much less direct Government intervention.

Company to union negotiations, should Mr. Orr feels, be conducted on a quite separate platform "This is a different matter and I certainly feel that we have to have as much disclosure to the unions as they need for a fair bargaining position with industry, so that they can be told, as far as possible, the job prospects, so that they can bargain to get the best deal they can for the workforce. But I think we have to keep those two things separate.

"We have had experience, again on the Continent, of supervisory board systems and various systems of co-determination and worker participation—and we have perfectly good experience with them in Germany and in the Netherlands, particularly. But what is right there may not suit our particular structure in this country."

Committed

He explains that "first of all, the employees on these councils are totally committed to the prosperity of these enterprises. And the second thing, of course, is that there is not the multiplicity of unions that we have got in this country. So you can have a small number of people elected from amongst the employees who do represent the views of the workforce as a whole. With our system, that is very difficult to achieve.

"We have to start right at the shop-floor level to get much more co-operation at the shop and works council level," he suggests. At Port Sunlight, an old plant with an indifferent labour record which had to go through an extensive process of modernisation, requiring consultation with no fewer than 23 unions, Unilever managed to handle things smoothly. A Joint Productivity Committee there "works extremely well, sitting together and setting common productivity goals. And the workers share in whatever productivity savings have been achieve.

Mr. Orr accepts that Britain's indifferent industrial performance in the past few years could, in some measure, be attributed to poor labour relations, and the inability of managers and workers to agree on common goals and common interests.

He argues "There is undoubtedly a need for more openness and better communication, and at all levels there is much to be learnt about attitudes. The development of better methods of communications is often helped by the interchange of management between different countries." Unilever's German frozen food company and its Italian detergent company have each had a British chairman — and this he points out is another, sometimes overlooked reason, why British industry is keen to stay in Europe.

JAMES ENSOR

BHS challenges M & S

By SANDY McLACHLAN

IF BRITISH Home Stores needed any public accolade it received one recently with the announcement that it was to link with Sainsburys in hypermarket development. That the leading name in U.K food retailing should have accepted BHS as its non-food partner is a measure of the success of the BHS retailing formula, a formula which over the last eight years has quietly brought the company into the forefront of variety store retailing to the extent that many people consider that it now offers a real challenge to Marks and Spencer.

Mr. Colin Paterson, managing director of British Home Stores

The BHS results published this last week illustrate this potential challenge. In the six months to March BHS sales rose by 35 per cent. thus outstripping the 30 per cent. gain registered by the mighty M and S. With the increase in sales area not too far different for both groups—probably around 5 per cent. of Marks and 7 per cent. for BHS—this represents a real catch up (although BHS has a very long way to go in terms of number of stores, absolute levels of turnover and profit, and even in turnover per square foot which is probably not far from half the M and S figure).

The BHS trading formula and results are always compared with and measured against those of M and S since the latter is the undisputed leader of the variety store league. In fact BHS is probably more directly comparable to the family controlled and also highly successful Littlewoods chain, and it can be argued that since the company has its own very distinct trading image any comparison is somewhat invidious.

To an extent the very existence of M and S has shaped the British Home Stores trading philosophy in a different mould to its own. No company in its right mind would attempt head on competition with a retail group so well entrenched and so obviously successful as Marks, and so BHS was forced to develop a formula which would allow it to trade successfully even when its stores stood shoulder to shoulder with the local M and S.

This it did by aiming its sights rather lower than Marks, which is probably the only non-food retailer to have developed a completely classless image and thus successfully attracted a high proportion of AB customers: there are plenty of senior executives who attach no social stigma to wearing off-the-peg St. Michael suits, but who would not be seen dead in a more expensive suit from some of the down-market tailoring chains.

British Home Stores therefore aimed deliberately at the CD market, and instead of applying the rigid Marks and Spencer quality controls on its merchandise it went for more of a balance between price and quality. Moreover, although its product range—with some 4,500 items is almost exactly twice that of M and S the British Home Stores philosophy has been to concentrate on a limited number of product groups and to build a reputation for both range and value for money in these areas.

In this it has been conspicuously successful. It is certainly one of the best retailers of domestic electric light fittings in the country and its reputation in other fields such as fresh foods, and clothing (particularly childrens wear) is growing rapidly. The BHS in-house brand name of Prova is on the way to gaining something like the same public acceptance as the universally respected St. Michael label.

The BHS story in food is a fascinating one. In line with its policy of specialisation the company has concentrated on fresh food, which it retails through some 66 out of its 98 outlets. This allows it to carry a wide range of each type of product it carries and gives scope for highly attractive displays: at the Wood Green Store on a quiet Friday morning housewives will happily join a queue at the cheese counter, and BHS sells more English Cheddar than any other retail group from just the 66 outlets.

For the rest the market position forced on BHS by the dominance of Marks and Spencer is proving a positive boon in current conditions. The traditional BHS shopper comes from households where incomes are rising rapidly both in an absolute sense and relative to the rest of the population. Meanwhile, there is evidence that British Home Stores is winning up-market customers from M and S—where rigid quality control in an inflationary era has meant that many of its prices are no longer regarded as cheap by the housewife.

It is hard to reconcile this sort of evidence (which is derived from personal experience rather than extensive market research) with the ongoing success of M and S itself. One possible explanation, however, is that Marks is also attracting new customers from other types of outlet such as department stores and men's and women's wear retail chains.

Experience has proved that both groups can do well side by side, and it would be quite wrong to regard British Home Stores as a Marks and Spencer in microcosm. Marks already has more than 250 stores, while the BHS managing director Mr. Colin Paterson reckons that a realistic maximum for his group would be 150 (apart, of course, from any hypermarkets that the joint venture with Sainsbury may eventually produce).

Sainsbury's involvement in this venture bears testimony to the fact that although BHS is highly price competitive its goods are far from being shoddy, and in its selling of them it scores highly on one of the less easily definable, but highly important nonetheless, facets of retailing: a really good store radiates an aura of bustling activity and of success. Like Marks, British Home Stores has achieved this aim in its outlets and the result as far as the customer is concerned is that shopping becomes less of a drudge and can even be fun. That in turn means that the satisfied customer will come back again.

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FRIDAY, MAY 2, 1975

Serious errors of fact

IN PURELY formal terms it is obviously a pity that an unauthorised leak should have upset the agreed timetable for the release of the official pamphlets prepared for the referendum campaign by the two umbrella organisations and by the Government itself. Yet if this accident gives the electorate more time to study and compare these highly condensed documents, which are bound to become the basic texts for the debate, it may lead to a more soundly considered vote on June 5.

Perhaps the most interesting thing to emerge from the three documents is the similarity, on opposite sides of the argument between the anti-Market pamphlet and the Government's condensed White Paper, both in the popular style of presentation and in the confidence of the assertions. By contrast, the pro-Market pamphlet is considerably more low-key and subtle in its whole approach.

Sovereignty

This contrast in style comes out most clearly in the treatment of the sovereignty issue. The pro-Marketeers argue, correctly no doubt, that this is a false problem, but they do not really deal with the parliamentary issue, and only tackle explicitly such manifestly false problems as the position of the Queen. The Government and the anti-Marketeers both take the Parliamentary issue head on, and in the Government case it gets two whole pages of detailed argument. It is difficult not to believe that the Government has made a better judgment than its pro-Market allies of what people want and need to know.

The pro-Marketeers are equally tentative over the question of the alternatives to membership, merely pointing out—again, correctly—that the antis are deeply divided over what they would put in the place of membership. By contrast the antis themselves take a confident view of the prospects of better trading relations with Europe outside the Community, whereas the Government is equally categoric in asserting that leaving the Community could only be damaging, and that the conditions of any new deal with the Community might be harsh.

But if the pro-Marketeers appear to have pulled their punches, the anti-Marketeers have put their names to a number of blatant and rather serious errors of fact, and have made a number of flat assertions which are at best highly questionable. It is simply not true to say, for example, that the pro-Marketeers promised "a rapid rise in our living standards" after joining the Community; on the contrary, successive governments repeatedly warned that the benefits would take time.

Misleading

Nor is it true to say that "The real aim of the Market is, of course, to become one single country in which Britain would be reduced to a mere province," or that "Our Commonwealth links are bound to be weakened much further if we stay in the Common Market," and it is profoundly misleading to say that the European Parliament will, shortly after 1978, pass laws which would be binding on this country. There may be people who want to see a United States of Europe one day, but to pretend that this is the aim of the Community now is simply out of touch with reality.

But the most regrettable error of all is the assertion that Britain would remain a member of EFTA if we left the Community, and would retain virtually automatic free trade with the Common Market as well. The fact is that Britain had to leave EFTA in order to join the Community, and that rejoining EFTA or retaining free trade with the Community would both involve a new round of negotiations which would probably be arduous and protracted.

This is not scare-mongering, as the anti-Marketeers claim, but merely a description of the legal consequences of withdrawal. And the fact that the Belgian industry federation has already put on paper its opposition to a free trade agreement with Britain suggests that these consequences could only be damaging.

The two faces of May Day

MR. WEDGWOOD BENN celebrated May Day yesterday by publishing his Bill for the nationalisation of the aircraft and shipbuilding industries. Mr. Harold Lever celebrated it more quietly by demolishing the case recently put forward by Mr. Benn and his advisers for diverting by force, into investment channels prescribed by the Department of Industry, a large part of the new savings "paid by or on behalf of working people" to life assurance companies and pension funds. The Prime Minister has already stated that these proposals have not been put to the Government and are most unlikely, if presented, to be adopted as official policy. Mr. Lever not only repeated this statement yesterday in stronger terms but gave two very good reasons why the Benn proposals should not be adopted.

The first, quite simply, is that it is wrong to use compulsion where voluntary means will serve. Mr. Lever made the point that in this country, unlike some others, there has never been a need to bring compulsion to bear on investment institutions when the proposition in which the Government seeks their co-operation is reasonable.

"Working people"

Mr. Lever's second reason for rejecting the Benn proposals is that they would jeopardise the savings and pensions of millions of ordinary men and women. They are ostensibly aimed at a small financial community in the City, the growing power of which is said to have been responsible for the volatility of financial markets and for speculation in property. But the savings in which Mr. Benn is interested are those of "working people," entrusted to the managers of life and pension funds to invest to the best advantage.

It would be absurd to suggest that the managers of these institutions are always able to secure as good an investment performance with the funds entrusted to them as they, or their clients, would like to see. The difficulties of investment are particularly great when governments allow inflation to get out of hand. But at least they know what their responsibility is and the vast majority of them do their best to discharge it as best they can. Coercion of their investment decisions by a government department, on the contrary, would aim not at maximising the return to their clients but at serving some vague and possibly ill-conceived scheme of industrial regeneration. It would be unprofitable, as Mr. Lever points out, almost by definition, since investment institutions do not have to be forced to invest profitably; and it is the "working people" who would lose. How many trade unionist, would like to gamble what they save against old age or misfortune on the success of the plan for regenerating British Leyland, or on the profitability under nationalisation of the shipbuilding industry?

Investment guides

Inadequate profitability rather than inadequate investment is the fundamental problem for many firms which find themselves in trouble—trouble which is often of long standing but which has been brought suddenly to light by rapid inflation. The real problem with capital investment by the State, as Mr. Lever points out with an excellent sense of timing, is to work out criteria which can form an adequate substitute for purely commercial profitability. Without firm criteria of this sort, there is no way of ensuring that scarce investment resources will be sensibly allocated. We should be forced to fall back instead, in his words, on "immediate emotion, pressure groups and intellectual fads." It is clearly up to the Treasury to make good as soon as possible a need of which the Department of Industry seems to be totally unaware.

The Aircraft and Shipbuilding Bill is nationalisation for the sake of it, argues **Geoffrey Owen**

A State take-over that has no bearing on the real problems

WHEN the last Labour Government nationalised the steel industry in 1967, the primary motive was the same as in the latest proposals, published yesterday, for aerospace and shipbuilding — to provide a sop to the Left-wing of the Party and thus to head off more sweeping nationalisation demands. On that occasion, however, the Government felt obliged to dress up its proposals with some industrial arguments — principally that technological changes and the trend towards very large plants required a restructuring of the steel industry which the existing companies were incapable of bringing about by themselves.

This time, despite its much smaller majority in the House of Commons, the Government has hardly gone through the motions of justifying its plans in industrial or economic terms. The main "argument" seems to be that both industries have been large recipients of public funds in the past and that public ownership is necessary in order to make them more accountable to the taxpayer. No attempt has been made to answer the question of whether the taxpayer's investment in the two industries will be effectively safeguarded under public ownership or whether, on the contrary, still larger amounts of public money will have to be paid out over an indefinite period, with no prospect of an adequate return.

THE FULL LIST OF COMPANIES AFFECTED

BRITISH AEROSPACE

British Aircraft Corporation
Hawker Siddeley Aviation
Hawker Siddeley Dynamics
Scottish Aviation

BRITISH SHIPBUILDERS

Shipbuilding companies

Appledore Shipbuilders
Austin & Pickersgill
Brooke Marine
Cammell Laird Shipbuilders
Clelands Shipbuilding Company
Drypool Group
Ferguson Brothers (Port Glasgow)
The Goole Shipbuilding & Repairing Co.
Govan Shipbuilders
Hall Russell & Company
Lithgows
Robb Caledon Shipbuilders
Scott and Sons (Bowling)
Scotts' Shipbuilding Company
Smith's Dock Company
Sunderland Shipbuilders
Swan Hunter Shipbuilders
Vickers Shipbuilding Group
Vosper Thornycroft
Yarrow (Shipbuilders)

Shiprepair Companies

Brigham & Cowan
Bristol Channel Ship Repairers
J. B. Howie
The Humber Graving Dock and Engineering Company
The London Graving Dock Company
The Mercantile Dry Dock Company
The Middle Docks and Engineering Company
R. & H. Green and Silley Weir
Scott Lithgow Drydocks
Swan Hunter Shiprepairers Tyne
The Wallsend Slipway and Engineering Co.
Western Shiprepairers

Slow Speed Diesel Marine Engine Manufacturers

Barclay, Curle & Company
George Clark & NEM
Hawthorn Leslie (Engineers) Ltd.
John G. Kincaid & Company
Scotts' Engineering Company

Training Companies

The Scott Lithgow Training Centre
Swan Hunter Training and Safety Company
Yarrow (Training)

Questions to answer

Any Labour MP who claims to represent the interests of taxpayers should at least try to answer these questions before blindly following the instructions of his leaders. He should look, first, at the experience of the British Steel Corporation over the past seven years. Have the interests of taxpayers, employees and customers been advanced by public ownership?

He will find that the profitability of the BSC has been grossly inadequate, that the modernisation of the industry has not taken place, that productivity levels are still far behind our foreign competitors, that on pricing, investment and manning scales the management has been frustrated at every turn by Whitehall intervention, and that the country has become a net importer of steel on a very large scale.

In short, public ownership of steel has been a failure and the Government should be thinking of how to repair some of the damage by breaking up the BSC—perhaps into two or three competing companies with a substantial non-Government shareholding. (It was precisely that sort of structure which could have been considered and implemented in 1967—if the Government had been genuinely interested in rationalisation rather than ideology.) Such companies would be more manageable than the BSC; for even with less Government intervention than actually takes place the task of running an enterprise as large and complex as the BSC requires almost superhuman powers. They would also be better able to satisfy the needs of employees and customers.

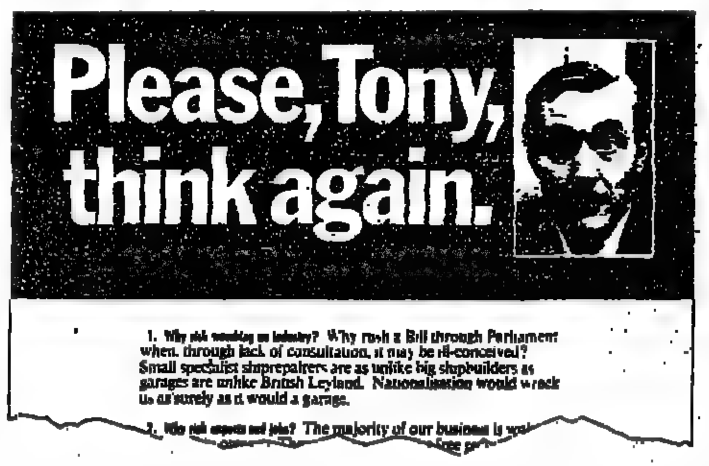
With this precedent in mind the inquiring MP should consider what nationalisation is likely to do to shipbuilding. He will notice, first, that a substantial part of the industry is already owned or controlled by the Government—Govan Shipbuilders, Harland and Wolff, Cammell Laird (jointly owned with the Laird Group) and the ex-Court Line subsidiaries, Appledore and Doxford and Sunderland.

Bringing the others under Government control might make some sense if it could be demonstrated that the industry needed "rationalising" or that centralisation of certain functions would yield significant gains in cost or efficiency. In practice, however, the necessary structural changes were largely carried out after the Geddes Report of 1966; the 27 companies considered by the Geddes Committee were whittled down to 11 companies or groups. Moreover there is a fair degree of specialisation among the yards which now exist. No evidence has been presented that centralisation of management activities is necessary: indeed, Mr. Anthony Wedgwood Benn has laid considerable stress on the need for de-centralisation and local autonomy—no more "monolithic corporations" for him.

It is reasonable to ask that the benefits of public ownership should first be demonstrated in the yards which the Government already owns before the principle is extended to the rest of the industry. Indeed, shipbuilding could provide an admirable testing ground for three alternative forms of ownership — 100 per cent. Government, "mixed" (Cammell Laird) and 100 per cent. private.

If the Government wants to experiment with industrial democracy, it can do so more easily in an individual company than in an entire industry; the problems of inter-union jealousy would be less severe and the apparatus of joint decision-making less complex. The interesting and constructive suggestions contained in the recent consultative document on Harland and Wolff are much more appropriate to a single yard than to the industry as a whole.

Moreover, does this Government really want to hand out large sums of public money for shareholders to reinvest as they think fit—perhaps in property development or in overseas ventures? In many cases, of course, the money will not go to individual shareholders but to large, diversified companies like Vickers and the Laird Group which will use the money to acquire other companies and thus become even more diversified—just as Tube Investments and GKN did, with not spectacularly successful results, after steel nationalisation. It is difficult to see what national purpose these transactions will serve.



The plea that failed: Bristol Channel Ship Repairers tried to fight the Bill by using this advertisement in a national campaign.

The fact is that the Government has given very little thought to what happens after nationalisation: it just wants to nationalise. The crowning proof of this is the inclusion of ship-repairing in the proposals. This is a small and fragmented industry consisting of companies which have to react at short notice to the fluctuating demands of shipowners. If a list was drawn up of industries least suited to public ownership, it would come very close to the top. As most Ministers who have ever thought about the matter must now realise, it was a mistake to have included it in the first place.

Aerospace is a rather different case because the Government is the industry's most important customer, but here again little thought seems to have been given to what happens after nationalisation. The basic problems of the industry are not much changed from those analysed by the Plowden Committee in 1965—that its capacity is too large for the demands likely to be placed upon it, that the Government's military requirements are uncertain and likely to diminish, and that its ability to compete against the Americans in the civilian market, even with the help of collaboration with other European countries, continues to be poor.

Many people in the industry accept that there is no longer a case for two separate airframe companies (British Aircraft Corporation and Hawker Siddeley Aviation) and two separate guided weapons companies (BAC and Hawker Siddeley Dynamics). But it does not require full-scale public ownership to bring about a merger; there are a variety of ways in which Hawker Siddeley and the shareholders in BAC (GEC and Vickers) could bring about a re-alignment of interests and achieve the necessary rationalisation.

Military projects

It is true that the industry depends on the Government as the customer for military projects, but it does not follow that the Government should also own the business. As Mr. Aubrey Jones pointed out in his note of dissent to the Plowden Report, "If relations between contractor and customer have become soured because of faults on both sides the situation is not remedied by the customer's becoming part-owner of the contracting business. The remedy is not to merge and therefore to blur but to clarify the respective responsibilities of each partner, so that each discharges his appropriate task better."

It is also true that the industry has needed Government funds, in the form of launching aid, to support the development of civil airliner projects. This has reflected the view taken by successive Governments that if the industry was forced to finance all its civilian development effort out of its own resources, its ability to undertake such work would diminish to a point where its military capability would also be in jeopardy, with adverse effects on the country's defence posture, on technological "spin off" and on the balance of payments.

It is highly questionable whether the benefits to the country of propping up the aircraft industry have justified the cost to the taxpayer, but even if it is accepted that for a mixture of social, military and industrial reasons some support for aerospace should continue, it is still necessary to ensure that the taxpayer's money is spent wisely. Will public ownership achieve this?

One of the disadvantages of public ownership, as the recent argument between Sir Monty Finniston and Mr. Benn has demonstrated, is that manpower reductions, even when shown to be necessary for the survival of the enterprise, become very difficult to implement. That sizeable manpower reductions will be necessary in aerospace during the next few years is indisputable. Yet if Mr. Benn succeeds in bringing about "a fundamental and irreversible shift of power in favour of all those who work in the industry" (his favourite phrase which he used again yesterday) the obstacles in the way of adjusting the industry's capacity, including manpower, to a realistic level will be all the greater.

The chances of the taxpayer's money being well spent are enhanced if at least half of the funds required for a particular project are put up by the company concerned, so that the management of that company has a strong personal commitment to ensure its commercial success. It was partly for this reason that Mr. Aubrey Jones disagreed with the majority on the Plowden Committee about the desirability of a Government stake in the Hawker Siddeley airframe activities.

He thought it would weaken the link between the airframe side and the rest of the group, diminish the incentive for the company to devote appropriate management and resources to airframe manufacture and weaken the commitment to make a commercial success of the business. Mr. Jones strongly opposed relaxing the 50-50 rule on Government funding of civilian aircraft projects, arguing that for the Government to take on the entire burden of civilian projects which private industry was unable or unwilling to finance would "lead to speculation with the taxpayer's money to an extreme degree and without the external check provided by private finance."

Some serious weaknesses

No one would deny that both the shipbuilding and aerospace industries have serious weaknesses or that the Government has a role to play in helping remedy them. But quite apart from incidental absurdities like the inclusion of ship-repairing on one side and Scottish Aviation on the other (this is a small company engaged in making trainer aircraft and a variety of sub-contract work, quite unsuited to be part of a large aerospace corporation) the sweeping nationalistic proposals have no relevance whatsoever to the real problems which the industries face. The Government is proposing to speculate with the taxpayer's money at a time when, according to its own Ministers, we are in the midst of a profound economic crisis.

MEN AND MATTERS

Celebrating May Day

Lewis Lee grinned when he said "fortunate coincidence." His Co-operative Bank, with its eyes on admission to the clearing bank club later this year, had chosen May Day to announce the opening of a new City office, which as well as private customers will deal with acceptance credits, local authority bonds (the bank is proud of having 16 per cent. of that sector), export credits, and foreign exchange dealings. Harold Lever, who also has his business roots in Manchester banking, performed the opening rites, taking the occasion to swipe at the pension fund ideas of Anthony Wedgwood Benn, who had celebrated May Day on the march.

Not that the Co-op Bank isn't already part of the London banking scene. It has had a City branch in Rood Lane since 1971, and just over the border into the East End is the bank's largest branch out of a country-wide network of 50 plus 4,000 in-store branches.

The opening of an office employing 80 people in Cornhill was a "coming of age" and evidence of the desire for a "major presence" in the City, said Arthur Sugden, the bank's chairman.

The bank, once almost wholly tied to banking for Co-ops around the country, will become part of the clearing bank system in October. Like the Bank of England itself, but unlike the other members (the Big Four plus Coutts and Williams and Glyn's), it is not becoming a clearing house shareholder as it will not participate with the formal export credit and nationalised industry work that status entails

After the Co-op asked to become a clearer in mid-1973, invitations went to the Yorkshire and the Scottish clearing banks to join up, but they declined. The Trustee Savings Banks will follow the Co-op's move, but attempts to find a place for the National Giro have not succeeded.

The last new clearing bank was the District in 1936, the year Lee, now 54 and chief general manager for the last four years, joined the Co-op Bank straight from school. Until now it has had to keep a "hefty chunk" of its assets tied up on account with National Westminster, the Co-op's clearing house agent. The price for releasing those assets will be an undisclosed "entry fee" thought to be somewhere under £250,000 plus an annual charge related to turnover. Lee is convinced though that membership of the clearing house will save money in the long term.

Foreign custom

Parisians were faced with the difficult choice yesterday of deciding whether they would support "les bleus marines" or "les bleus clairs" when Oxford and Cambridge met for a return Boat Race on the Seine. Since no-one was quite sure which was which, it was hardly surprising that the thousands who lined the banks of the river watched the race in, for the French, uncharacteristic and impartial silence. It was established with some difficulty at the end that Cambridge had repeated its victory of last month by "a little more than one length." The timings, even had they been available, would hardly have been comparable, since the distance of the Seine race was no more than about half the four miles 375 yards of the Putney to Mortlake course. What is more, the two crews had lunched at the famous restaurant on the first floor of the Eiffel Tower shortly before taking to the water.

"They probably have just heard of the compensation terms."

Homes on the range

"They were the aristocrats of the Wild West," said Lord Montagu, excusing the slogan of The Magnificent Seven which the Dukes of Marlborough and Argyll, the Marquesses of Bath and Tavistock, the Earl of Harewood and Milords Brooke and Montagu have adopted to try to boost their stately homes business. Hadn't four of the seven been shot in the film? "Certain members of the far Left would also like to shoot us down," said Montagu.

But not the near Left, for yesterday's publicity effort came soon after Mr. Healey had exempted their historic houses from Capital Transfer Tax. A wealth tax would, Montagu hopes, grant the same exemption for these "miracles of conservation" which bring so much revenue to Britain. Even so, the Marquess of Tavistock, now proprietor of Woburn and a partner at De Zoete and Bevan, stockbrokers, looked a bit solemn at the thought of around £1m. to pay because of discretionary trust tax changes, these applying to Russell family properties which have already, with the Duke of Bedford alive, been transferred across two generations to the Marquess's elder son.

So although one of the absentees from the Seven, Lord Brooke, is contemplating a partial tax exile, the stately home industry was reported to be in good shape. The Seven idea—between them they get around 3.4m. visitors a year—has started with 100,000 leaflets offering a 10p discount at each palace, castle, abbey or mere house (as in Longleat House or Harewood House). The leaflets will be distributed by tourist boards, hotels, airlines and the like. Living in style is, as Montagu has often said, a hard business these days. But it is nice to think that one owner, the Duke of Devonshire, still declined to associate Chatsworth, open to the public for centuries, from such stunts.

By halves

Some interesting points on the Elizabeth Garrett Anderson Hospital in Euston are provided by an action committee campaigning against its threatened closure. The nursing staff consists of "one nursing officer (matron), 13.5 sisters and 15.45 staff nurses." The reason for those fractional ladies, I am informed, is that there are a lot of part-timers, who count anywhere from 0.5 to 0.8 of a full-timer.

Observer

POLITICS TO-DAY

BY DAVID WATT

Straightening out the Tory line

NE OF the great political ...ghts of modern times (wit...ssed, alas, only by a privileged ...w) was, I am told, the face ... Mrs. Margaret Thatcher after ... Keith's Joseph's strategy ... the new Conservative Party ...d been unfolded at high-level ...licy session at the Conserva...e Central Office the other ...y. It was not, of course, Sir ...seph's paper which gave rise ... the pain and bewilderment ...at was an impeccable restate...nt of well-known "monetarist" ...emes. The real anguish was ...used by Mr. Reginald ...audling, who opened the ...scussion by remarking in his ...ual genial fashion that he ...d never heard so much ...bbish in all his life (or words ... that effect). It was as if ...me aged hound, brought in ...om the kennels to spend his ...clining days by the fireside, ...d rewarded this sentimental ...sture by immediately over...rning a priceless Ming Vase ...d taking a large bite out of ...s mistress's ankle.

Unrepentant

Mr. Maudling's reaction ...ould not, as a matter of fact, ...ave been unexpected. His ...hole political philosophy was ...aped during the hey-day of ...st-war Keynesian economics, ...d, even though his period as ...ancellor of the Exchequer is ...ten regarded as having been ...e last station on that parti...lar line, he has always been ...ite unrepentant. Nor, for that ...atter, is his intervention a ...gn that he proposes to play a ...ajor part in the policy-making ...tivities which the Tory Party ... about to embark on. The ...ances are that he will neither ...ant nor be invited to. All the ...ame, the incident was due ...arning — if that was needed —that any attempt to re-cast Conservative doctrine in a radical, free-Market mould is not going to be carried off easily.

The debate, as it happens, has hardly begun. Mrs. Thatcher has scarcely had time to settle herself in the saddle. Lord Thorneycroft, the new Party Chairman, has been ill. Mr. Angus Maude, his deputy, has been preoccupied with administrative questions. The Conservative Central Office has been in a state of turmoil after the Thatcherian purges and has, in any case, had to cope with the referendum campaign. The "Shadow" Cabinet is getting used to a new leader and, in many cases, to new portfolios. Backbenchers have had much legislation as well as the Budget to contend with.

And yet policy-making is now desperately urgent. Supposing there were a "no" vote in the referendum or an economic crisis demanding measures for which the Government could not get the support of the Left wing? An election in 1975 is still only an outside chance, but it is a chance all the same and it is one for which the Conservatives are at present almost entirely unprepared. It is this realisation which has caused Mrs. Thatcher and Sir Keith (who is her supremo in charge of policy and research), to press on with the task of setting up policy groups to thrash out a new approach in the various fields of Government activity.

This is a task fraught with difficulty. As the experience of Mr. Edward Heath in the 1967-1970 period amply proved, any attempt to "pack" the committees with adherents of one side of the argument leads to resentment and possibly to a doctrinal rigidity which events will subsequently crack, to the accompaniment of much dislocation, bad feeling and humiliation. The alternative strategy of allowing a hundred flowers to blossom and including all shades of opinion in the discussion is apt to leave policy all over the shop and the basic disputes only lightly papered over, if at all; but in the present fractured state of the Party I suspect that it is the only chance of producing anything like a consensus on the central issues of economic policy.

It is easy, of course, to overstate the degree of division that actually exists at present within the Tory Party. There are, after all, some basic propositions which virtually every member of the Shadow Cabinet — and for that matter every Conservative MP—would endorse. The most "Left-wing" of Conservative theorists will immediately concede, for example, that Government expenditure is excessive and that the pressure of demand has got to be kept low for as far ahead as anyone wants to look at present. On the other hand, only a tiny handful of the most fanatical of Mr. Enoch Powell's disciples would maintain that, say, British Leyland should have been allowed to go bust without any Government intervention in the affair. The Conservative line on the Leyland affair may well be couched in stern, free market terms because that is the rhetoric which (a) most clearly differentiates Tory policy from "Bennery" and (b) is nearest, in purely mood terms, to the present temper of the Conservative back benches. But the key fact about it will be its admission of a State responsibility which is, practically speaking, open-ended, because of the political reality of the times.

Sir Keith Joseph, Tory supremo in charge of policy and research, who faces a task fraught with difficulty.

In such accommodations lie the seeds of eventual consensus. It has to be faced, nonetheless that formidable obstacles to agreement still have to be removed. And what exactly are they? Some of Mrs. Thatcher's friends naturally tend to say that the main problem is one of personalities and power. All these swingeing speeches by Mr. Peter Walker, all these leaks from the "Shadow" Cabinet, all these stories about the "anxiety" of "liberal" Conservatives, are merely expressions of disgruntlement and jealously on the part of the losers in the Leadership race. Perhaps it is all a "Jacobite" plot to bring back Mr. Heath. Why can't these miserable interventionists, discredited and rightly defeated, recognise that they are no longer the masters and be thankful that the new regime does not treat them with the severity and arrogance that they themselves employed upon their opponents in the days of their pride?

There is a grain of truth in these complaints, but my impression is that it is a very small grain. There are, naturally, hurt feelings among some of Mr. Heath's closest friends and supporters, and to a lesser extent, among some of Mr. William Whitelaw's admirers as well. But I have met no-one in recent weeks who seriously believes that the "King over the Water" can be recalled or even that it would be a good thing if he were. It is one thing to construct (as some people undoubtedly do) elaborate fantasies involving coalition governments in which Mr. Heath would be Foreign Secretary under the Prime Ministership of Mr. Roy Jenkins, but quite another to set about deliberately removing Mrs. Thatcher from the leadership of the Conservative Party. It is simply not on, and unless political fate deals some very odd cards during the next 12 months it will remain out of the question.

On the other hand one can seldom entirely divorce questions of power from any political argument, and it would be foolish to maintain that anyone now engaged in the argument about Conservative economic policy has entirely forgotten the mundane questions of who's-in-and-who's-out and who-calls-the tune. Who-ever "wins" the argument within the Party will naturally have more influence with and power over the leadership.

Mrs. Thatcher herself, though she is marked down firmly as a "monetarist" as a result of her association with Sir Keith Joseph and her appointment of him as chief policy maker, is a professional politician who is in business, like Mr. Harold Wilson, to win power for her party and retain it as long as possible. She is, therefore, open to persuasion and is also obliged to retain the balance in internal party matters. Not all her appointments by any means have been of monetarists, right wingers or even "Thatcherites." Mr. Angus Maude, for instance, often marked down as a free market doctrinaire, is far more flexible and middle-of-the-road than that—as anyone who has read his admirable printed credo *The Common Problem* will realise.

Questions

It follows, therefore, that there is plenty to play for. And, that being so, it is neither surprising nor reprehensible that the old "Heathmen" should continue to fight their corner both in the "shadow" Cabinet and outside it. But what, after all this, is the real policy question at issue? It is a fair complaint about many on the so-called "left" of the Tory Party that they find it hard to pin down the exact nature of their quarrel with Sir Keith and, when pressed, are apt to make the mistake of trying to follow the great man into the labyrinth of monetary theory where even he occasionally appears to lose his way. Just the same, there are very real points of *difference* between the two sides both as regards the immediate future and the whole long-term posture of Conservatism and it only darkens counsel to pretend otherwise.

There will be time to return to the substance of these arguments later, but for the meantime they can be summed up in two immediate questions which the practical politician can reasonably address to Sir Keith.

1. Is an attack on inflation by monetary means tolerable (a) industrially, (b) in party political terms? If industrial confidence is to be subjected to a long period of stringency and unemployment is, as some allege, to remain in the "low millions" for several years as a result, will the voters and the body politic stand it?

2. More specifically, will the *unions tolerate your strategy?* If public sector workers defy you on wages and the rest of the union movement declares war on you as a result of the unemployment, is not your confrontation far worse than that which might arise from a statutory prices and incomes policy and which you claim it is one of the objects of your strategy to avoid?

The ideas implicit in such questions are, of course, that it is easier to obtain consent in this country by the combined use of the Law and persuasion than by pretending that the hidden hand of Market forces has nothing to do with the Government — that consensus, leadership and, if necessary, intervention made up the right strategy in 1972 and 1973 and might have succeeded with a bit more luck and a bit more "human image" from Mr. Heath—and that the attempt to divorce the economic from the political sphere will never succeed and some form of corporate state is the best hope for the country. Those who believe this within the Tory Party are in a minority but they are an influential one, and they believe that events will prove them right. Their difficulty is that it is the Labour Government which is currently trying a form of the monetary solution. If it succeeds, the Tory monetarists will say "We told you so"; if it fails they will say "They got it wrong because they are Socialists and never really believed in it."

Letters to the Editor

Control of steel

...rom The Director General, ...ritish Independent Steel ...roducers' Association.

Sir,—Wednesday's discussion ...n the House of Lords on steel ...atters contained a brief ex...hange which illuminated certain ...nes of thought on the private ...ctor of the industry, which ...ust also incidentally suggest ...e prospects for private enter...rise at large, if such thinking ... ever allowed to dictate the ...onomic and industrial develop...ent of this country.

Lord Lee of Newton (sometime ...abour Minister of Power) asked ...e Government about its pro...ess in securing power to con...ol investment by the private ...eel sector. "In order that we ...n regulate the increase in ...pacity in the private sector of ...e steel industry so that it will ...t disadvantage the public ...ctor."

We all want the BSC to ...osper, but surely neither it, ...r any who care for a free ...ciety, would wish this done by ...e arbitrary "regulation" of ...mpetitors who (given the inter...tional character of steel manu...cture) are not all within the ...K. Government's jurisdiction ...r attribute its problems to the ...ct that such competition exists.

The political philosophy ...plicit in the question is alien ... democracy, and from the point ... view of consumer choice has ...ven more obvious disadvan...ges. The Government's reply ...ite properly indicated that this ...pic had been accepted by the ...EC as one for discussion in due ...urse, and the U.K. Government ...ll no doubt (assuming an ...firmative vote in the referen...m) have its full say in what ...ay need to be done. Only ...talitarian Governments can ...regulate" demand and supply ... any major commodity, and ...at only by regimentation of ...th producer and consumer: so ...r without much success in any ...own case.

For steel in particular with its ...assive capital investments ...ming on stream in substantial ...ocks, against an inevitably ...clical world market, the real ...oblem has always been to ...rchestrate" its investments ...h market trends. This is also ...ficult in a free society, and ...elmakers around the world ...e succeeded or failed by their ...edom and ability to undertake ...s task. What the problem ...l requires is not more control, ...er over the private sector or ... BSC, but less.

...H. Mortimer,
...Cromwell Road, S.W.7.

Actuaries' advice

...m The Press Officer, ...itute of Actuaries.

Sir,—Mr. Evans (April 28) ...gests that the Institute of ...aries should widen its code ...onduct, in line with practice ...North America, to permit pro...on of actuarial services by ...s, not all of whose directors ...partners are actuaries.

...here are differences between ...erican practice and ours, ...ming from differing circum...ces in the two areas, and ...e are good points in each. ... reason why the institute ... not permit its members to ...tise in the way Mr. Evans ...ests is that this could in...ge the direct and fiduciary ...tionship which should exist ...een any professional practi...er and his client. Another ...at directors or partners who ... actuaries would not be ...ect to the institute's strict rules of conduct or to the disciplinary procedure by which those rules can be enforced.

Members of the Institute employed by corporate pension consultants are able to give advice to their employers which can be made available to the employers' client, provided that the client is made fully aware that he is not receiving professionally independent advice directly from the actuary. It is the institute's view that advice obtained in this way is not necessarily superior or inferior in quality to advice given by a professional adviser directly to his client but it is different in nature. Obviously the client should not be left under any misapprehension about the nature of the advice he receives. The important thing for public interest is that clients who require advice in those areas in which the actuary's training enables him to make a unique contribution should have access, in one way or another, to the advice of a qualified actuary. Our rules have been framed with this object in view.

J. H. Webb.
Staple Inn Hall, High Holborn, London, W.C.1.

Comment or action?

From Mr. W. McKay.

Sir,—Lord Plowden's able attack on our present "recipe for industrial stagnation and national decline" (April 24), raises the hope that here may be the commentator who will cause action. In his page-long statement the key was in the last paragraph; "I believe that the whole future of British private industry is now under question and that there is a real danger of its demise. I think, therefore, that the study of the issues and a campaign for public education about them should be supported on as wide a basis as possible." Unfortunately Lord Plowden did not indicate what he intended to do about it.

A campaign for public education would require resources, ability, opportunity and motivation such as could be provided only through collective action by a sufficient number of the country's leading industrialists. Neither trade unions nor Government would at present find such action politically possible. Will Lord Plowden be the initiator of the necessary collective action by industry?

Public enlightenment is, of course, a means, not an end. The end would be that of making it possible for Government to counter the coincident catastrophies of low productivity and high inflation instead of trying to appease collective bargaining strength at the cost of fostering industrially damaging legislation and doctrine.

A constructive method for realising socially acceptable aspirations of union members is needed. A starting point may be found in Lord Wilfred Brown's book "The Earnings Conflict" which elaborates the thesis that Government should decide on total national change in purchasing power but that an elected council of wage-earners should decide on distribution of that total purchasing power.

The absolute need to contain or redirect "collective bargaining" strength has been accepted first by a Labour Government and then by a Conservative Government. Ensuing opposition caused the Labour Government to abandon the attempt and caused the Conservative Government to lose office.

The failure of two Governments to do what they knew was essential emphasises the truism that Governments do only that which is "politically possible," that is, that which will win immediate power sustaining support. The *only* way to induce Government to take essential action is to bring about a "politically possible" condition, that is, generate a sufficient body of supporting opinion.

Collective action by a number of industrialists might have the following main features: Resource allocation and competent use of media that the necessary effect on opinion is achieved. Stepping up of action already initiated within many companies whereby employees are kept well informed about business but in a way that makes clear the social significance. Management should be active and be seen to be active in seeking practical progress towards "industrial democracy" — a vague but increasingly irresistible need which must be satisfied.

W. McKay.
11, Flintgrove, Bracknell, Berks.

The need to be competitive

From Mr. W. Nimmo.

Sir,—Mr. Benn is quite wrong in believing that inadequate investment is the reason for Britain's declining international competitiveness.

The principal factor causing our international decline is our inability to compete abroad on prices; this has been caused by the increase in money wages in the U.K. exceeding the increase in productivity.

International competitiveness is determined by the relationship between pay and productivity, not by the absolute level of productivity. So if pay moves ahead faster than productivity, competitiveness declines, whereas if productivity moves ahead faster than pay, competitiveness improves.

I associate Britain's declining competitiveness during the 1950s and 1960s with our collective bargaining system. This decline has accelerated during the 1970s because of the abuse of trade union monopoly power.

I therefore conclude that we will not see the regeneration of British industry until satisfactory alternative methods of pay determination are evolved.

W. G. M. Nimmo.
Honeysuckle House, Ackleton, Wolverhampton.

The menace of percentages

From Mr. C. Normandale

Sir,—I entirely agree with the views of Peter Jenkins (April 29). The automatic incorporation of percentage "cost-of-living" increases into corresponding pay claims is a dangerous exercise which serves to speed up the present frightening inflationary process. Until we are all prepared to accept smaller pay increases, in percentage terms, than the "cost-of-living" index we do not stand any chance of bringing inflation under control.

C. J. Normandale.
22-26, Albert Embankment, S.E.1.

Attention to markets

From Mr. C. Stevens

Sir,—Quite apart from the doubtful constitutional grounds for the referendum on the Common Market, the various campaigns, both for and against continued membership, are moving to distract attention from the present day economic realities and priorities.

The question of membership *was* very important in the 1950s and '60s when Britain should have been looking for new export markets to replace the previously captive colonial markets it was losing during that era. Attention *now* should be focused on growth markets such as the Middle East and the Pacific.

Until we get leaders whose vision extends beyond our own backyard we shall continue to decline in relative international importance both politically and economically.

Colin Stevens.
Oxford Centre for Management Studies, Kennington, Oxford.

Dubious move

From Mr. Allan Rodger.

Sir,—Philip Sadler (April 28) develops Samuel Brittan's article on de-industrialisation by suggesting the Government should help invisible exports and redeployment of workers from manufacturing industry to service sectors where they are needed on social and economic grounds.

One would not argue against the case for promotion of invisibles but one must question the case, on economic grounds, for a move from manufacturing industry to other service sectors at the present time—particularly the public social services. On Mr. Sadler's argument, exports are "prized" thus a movement out of manufacturing to social services can certainly do nothing directly to help exports, or cut imports (and in all probability will make the situation worse) while we are told by nearly all economists, from all shades of political persuasion, that public sector expenditure is too high—to encourage, actively, a movement to that sector at the present time seems highly dubious.

Allan A. S. Rodger.
Maxwell Stamp Associates.
55-63 Goswell Road, E.C.1.

No authority to deal

From Mr. G. McGregor.

Sir,—Which political grouping possesses the commitment to withdraw, the international credibility and the parliamentary majority to negotiate withdrawal on satisfactory terms, and carry the consequential legislation? A supplementary question is whether such a grouping, which frankly I cannot identify in the present House of Commons, also possesses the capacity and stature to cope satisfactorily with the sterling crisis which will strike once our creditors realise that, having got ourselves deeply into debt, we now propose to turn our backs on Europe against the advice of an overwhelming majority of our MPs, and virtually all our allies within the EEC, the Commonwealth and the U.S.?

The central core of our constitution is that MPs are elected to lead, to exercise their judgment and if we do not like it, we can then throw them out. Before I am reminded that this is a "once in a lifetime" issue, to which precedents do not apply, may I ask why we have been able to do without referenda on major issues in the past?

G. J. McGregor.
9, Chalcot Crescent, N.W.1.

To-day's Events

GENERAL

Sterling, gold and convertible currency holdings at end of April published.

Mrs. Margaret Thatcher, leader of the Opposition, speaks on Conservative Party attitude to State intervention in industry, at Derbyshire Conservative Association lunch, Derby.

Commonwealth Prime Ministers meeting continues, Kingston, Jamaica.

Queen and Duke of Edinburgh visit Guam.

Mr. Liam Cosgrave, Irish Prime Minister, meets industrial and agricultural leaders for a major review of Eire's economy.

Institute of Metallurgists annual meeting and lunch, Cafe Royal, London, 11 a.m. Sir Monty Finniston, chairman of British Steel Corporation, will be invested as president. Guest speakers are: Sir Frederick Catherwood, chairman of British Institute of Management and Mr. Campbell Adamson, director-general of CBI.

PARLIAMENTARY BUSINESS

House of Commons: Private Members' Bills.

OFFICIAL STATISTICS

Capital issues and redemptions (April).

COMPANY RESULTS

Hammerson Property and Investment Trust (full year).
Whessoe (half year).

COMPANY MEETINGS

Alliance Trust, Dundee, 12.
Blagden and Noakes, Connaught Rooms, W.C., 12.
Ransomes Sims and Jefferies, Ipswich, 3.
Scottish Television, Glasgow, 12.
TPT, Manchester, 12.
Trust Houses Forte, Grosvenor House, W., 12.
Westminster Property, 6, Lygon Place, S.W., 12.

BOXING

Amateur Boxing Association finals, Wembley.

MUSIC

Montserrat Caballe (soprano) performs music by Handel, Strauss, Verdi and Donizetti, Royal Festival Hall, London, 8 p.m.

De Freville Trio, Antony Pay (clarinet), plays music by Schubert, Berg, Milhaud, Duncan Druce and Mozart, Purcell Room, London, 7.30 p.m.

COMPANY NEWS + COMMENT

Serck first half upsurge to £1.85m.

FIRST HALF group sales of Serck increased from £19.8m. to £26.4m. and pre-tax profit advanced from £0.48m. to £1.85m.

The chairman, Mr. K. M. Leach points out that the 1973-74 period was dislocated by the energy crisis and three-day week so comparison with the second half of that year, when profit was £1.56m., is more relevant.

Borrowings have been reduced below the September, 1974, level despite inflation and the increase in sales.

He reports that incoming order levels for most products continue to be very good, helped by substantial demand from the energy industries, and he expects the company to be at least as busy throughout the second half as in the first.

Exports to the Continent form an important part of the business and it is hoped to increase them in future. Therefore withdrawal from the Common Market would be bad for Serck, the chairman adds. The company manufactures heat exchangers and valves, etc.

During the period the 51 per cent. of shares not previously owned in Audco Concentric (Pty.) in Australia was purchased and the industrial services division of Serck Services was sold.

Stated earnings for the half-year increased from an annual rate of 1.6p to 8.5p. The interim dividend is stepped up from 0.7p to 0.8p net per 25p share. The total for the year to September 30, 1974 was 1.9p from earnings of 3.4p.

	Six months 1975 £000	1974 £000	Year 1973-74 £000
Group sales	26,400	19,808	43,208
Operating profit	2,450	1,000	3,186
Interest charges	600	520	1,151
Profit before tax	1,850	480	2,035
Net profit	1,030	246	1,046
Dividend	245	214	582

● comment

After a disastrous start to 1974, Serck's second-half strength has continued into the first six months of the current year. Pre-tax profits are over a fifth better than in the latter period, on improved margins, and the group seems to be heading for a pre-tax total of over £3½m. This would cover a prospective yield of 8¼ per cent. at 38p, up 7½p last night, 3.3 times on declared annualised earnings. Valves have been the biggest single element in the profits improvement, while heat exchange and tubes have been very buoyant, although the latter may join services (a fifth of sales last year) in a sluggish second half. A faster throughput of work-in-progress is making inroads into borrowings, which last year accounted for over two-thirds of shareholders' funds, and the results reflect the promise shown by a group where 45 per cent. of sales in 1974 went to the process industries and manufacturers of diesel engines.

INDEX TO COMPANY HIGHLIGHTS

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Border Breweries	20	8	Norwich Union	25	6
Cadbury Schweppes	21	3	Pearson Longman	21	2
Canadian Industries	22	4	Pearson (S.)	21	1
Cement-Roadstone	20	1	Photopia Intnl.	20	6
Cohen & Wilks	22	8	Reed & Smith	22	1
East Lancs. Paper	20	7	Revertex	20	3
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Inter City Invest.	21	5	Wemyss Investment	20	4
Lebong Tea	20	5	Wills (George)	20	2
Marshall's Universal	20	4	Wire & Plastic	21	2

Warning by Cement-Roadstone

A warning that current year profits of Cement-Roadstone, the Irish industrial company, are unlikely to match those of last year, was given by the chairman, Mr. M. J. Dargan, at the annual meeting.

Mr. Dargan said volumes of cement sales had been running at lower levels than last year "and this trend has been accentuated in recent weeks." The drop in the first four months had been about 10 per cent. and volumes of other products showed a similar downward trend "even though we are maintaining our market share."

The chairman added that the company could not insulate itself from the general recession in the industries served, and the absence of brighter prospects in the months ahead "indicate that we will not hold last year's level of profits for the first six months." It would, thereafter, be "very difficult" to match last year's level for the whole year.

George Wills up 36.8%

IN LINE with a forecast of record profits, and after an expansion from £189,000 to £414,000 at half-way, importers and exporters, George Wills and Sons (Holdings) reports pre-tax profits of £891,502 for all 1974, an advance of 36.8 per cent. over last year's £651,265, itself a record.

Mr. P. Wills, chairman, says that to date the group is on course for yet another record result, but the rate of growth of the last two years is probably over for the time being.

Earnings per 25p share are shown to have risen from an adjusted 8.49p to 10.58p and the dividend total is effectively lifted from 1.0815p to 1.17p with a final payment of 0.5p net.

After tax of £447,884 against £296,408 the net profit emerges up from £354,857 to £443,618.

Commenting on the results, Mr. Wills points out that 33 per cent. of group assets are in overseas subsidiaries and associates, and they generated 32 per cent. of the 1974 profit.

● comment

The sharp rise in profits during the second half of 1973 put George Wills on a much higher profits base. Understandably, therefore, while profits in the first six months of 1974 were more than double those of the comparable period, July-December only saw a modest 3 per cent. rise against the similar period. Buoyant trading conditions apart, straightening out two confirming houses gave a useful boost to the results. The Board's view of world trade is basically pessimistic, and for this reason it is indicating a relatively pedestrian rate of advance this year, even though this probably takes into account the favourable move in sterling for the overseas activities and the exporting operations. But at 47p a yield of 3.9 per cent. covered nine times demonstrates a favourable market sentiment.

Midway rise at G.R. Holdings

TURNOVER FOR the six months to December 31, 1974 of G.R. (Holdings) increased from £5.56m. to £6.65m. and profits from £744,032 to £780,236 before tax of £405,000 compared with £389,000.

After minorities, attributable profits advanced from £323,076 to £342,895. The interim dividend is maintained at 3.5p net. Total for 1973-74 was 14.7735p paid from taxable profits of £1.19m.

The group operates as merchants, dressers, tanners, dyers, manufacturers, and retailers.

● comment

The decline in G. R. (Holdings) *profit margins over 1973-74—down* a point on the previous year to around 12 per cent.—has been *continued into the current year*: pre-tax profits are ahead by 5 per cent. after six months, on a sales *gain of a fifth. This reflects the* impact of increased labour costs in what is basically a labour intensive industry, and the group is now meeting a fair amount of price resistance in export markets (accounting for between 35-40 per cent. of total sales). Contrary to the general experience, G.R. actually makes a smaller profit on export sales, and the tendency is to shave margins in order to retain the business. One plus point for the group, however, is that there is no shortage of cash—net bank borrowings of £165,000 in the last balance sheet compared with *shareholders' funds of £3.6m.* The shares at 195p yield just under 12 per cent., which is the right balance given the uncertainties surrounding the second half and the group's better performance in relation to the competition.

Revertex plans to consolidate

AT HOME and overseas Revertex (Holdings) will find it difficult to repeat in the current year the growth of the last two years, says the chairman, Mr. E. F. Brookman.

It is planned that the year will be largely one of consolidation and, with the uncertainties ahead, profits may not match the record of 1974. But the company is technically and commercially "strongly based to take full advantage of a return to normality in world trade," the chairman declares.

As known group pre-tax profit expanded from £1.48m. to £3.26m. in 1974 and the dividend is 4.145p net per share (3.745p).

Sales (in percentages) were derived as to Africa and Middle East 16; Europe and Asia 39; U.K. 39; elsewhere 6. Profits comprised resins and emulsions 17; noise control products 3; synthetic rubber latex 39; compounds 20; natural rubber latex 10; others 2.

An inflation accounting statement shows pre-tax profit on current purchasing power basis £2.81m. (£1.6m.); earnings per share 9.4p (5.3p); and net assets less loans per share 1.34 (1.5).

Source and use of funds shows a decrease £1.81m. (increase £2.37m.) in bank borrowings.

As regards the EEC the chairman says the group will benefit in a number of ways if the U.K. remains a member.

It is proposed to change the company's name to Revertex Chemicals. Meeting, Harlow, May 28, noon.

Marshall's Universal rights

GROUP PROFIT, before tax, of Marshall's Universal increased from £1.34m. to £1.57m. in 1974 after a sharp rise from £0.54m. to £0.8m. in the first half.

The dividend is lifted from 5.6575p to 6.1375p net with a final of 3.075p per 25p share.

Arrangements are in hand for a rights issue of 7 for 10 at 100p per share to raise £921,284. Dividends will be maintained on the increased capital it is stated. The issue is being underwritten.

	1974 £	1973 £
Turnover	22,895,597	20,058,787
Profit before tax	1,574,128	1,336,621
Taxation	800,050	623,290
Minority	167,535	168,603
Attributable after tax	606,543	544,728

Mr. F. Harris, chairman, says that even with all the difficulties faced in the political and commercial world, and the substantially varying international exchange rates, *he anticipates the outcome* for the current year will "continue to give satisfaction."

The business is that of motor *concessionaires* and distributors, paper and board distributors and general industrial group.

● comment

After a 47 per cent. pre-tax rise in the first six months, Marshall's second half profits slipped 3 per cent. and while the East African interests (70 per cent. of trading profits) can take much of the credit for the former, the U.K. activities must absorb most of the blame for the latter. The U.K. replacement motor components division performed well throughout the year, but the vehicle distribution side was very depressed and although the paper and board operation enjoyed boom conditions for most of the early months the benefits from this were largely wiped out by a sharp slump in demand towards the year-end. U.K. motor distribution has picked up smartly in 1975 and the East African interests are continuing to push ahead. So, although the paper and board side is still running well below full capacity the immediate prospects look fairly bright and these must be enhanced by the fact that the group intends to use much of its rights issue proceeds to expand its successful motor components division. At 160p, the shares are yielding just over 6 per cent. which is covered almost 7½ times.

Recovery at Advance Laundries

AFTER A drop from £861,216 to £515,251 in the first six months, the expected second half improvement at Advance Laundries has resulted in taxable profits some £100,000 ahead at £1.66m. for all of 1974. Turnover advanced from £13.27m. to £15.9m.

The dividend is lifted from 1.2877p to 1.3788p net per 10p share with a final of 1.0988p. The company is a subsidiary of British Electric Traction.

	1974 £	1973 £
Group turnover	15,896,739	13,270,288
Profit before tax	1,659,376	1,556,009
Taxation	867,657	740,198
Net profit	791,717	815,811
Extraordinary credit	13,756	—
Minorities	204,304	215,976
Attributable	601,169	599,835
To reserves	125,027	129,105
Preference dividends	18,564	19,981
Interim Ordinary	82,779	82,779
Final proposed	324,850	292,004
Forward	426,193	394,784

● comment

Freed from the parent BET's reference margin level, second half margins at Advance Laundries bounced back to leave pre-tax profits 6½ per cent. ahead for the year, after a two-fifths fall at the interim stage. The group's *confidence in future growth is* underpinned by the strength of demand for commercial services *(only a tenth of profits is now* derived from domestic laundries) and a pay-off from its investment *in overseas developments. Inflation* may have added about £½m. *to bank borrowings* but this is in the context of a balance-sheet strong enough to make a yield of 15.7 per cent. at 14½p seem attractive, were it not for the fact that BET holds four-fifths of the Ordinary shares.

Wemyss sees profit dip

The directors of Wemyss Investment estimate that profits for the year to September 30, 1975, will be £349,000 compared with £380,000, before corporation tax of £52,000 (£68,000) and tax credits on franked income of £85,000 (£78,000).

Revenue available is estimated at £212,000 compared with £234,000 giving earnings down from 10.4p to 9.4p per £1 share.

During the year to September 30, 1974, substantial sums of interest were earned at high rates on sums placed on deposit. The estimate of income for the current year is "conservatively stated with regard to the comparable sums."

Meanwhile, the interim dividend is held at 2.8p net. Last year's final was 6.2p.

YOUGHAL KVT

Cork-based Youghal Carpets (Holdings), announces that, following its offer to shareholders of Koninklijke Vereenigde Tapijtfabrieken N.V. ("KVT") it now holds more than 90 per cent. of the outstanding Preference and Ordinary capital. Consequently, Youghal has declared the offer unconditional—it will remain open on its original terms until July 1, 1975.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Aberdeen Trust ...... int.	1.17	June 27	1.17	—	3.35
Advance Laundries	1.1	—	0.99	1.38	1.27
Border Breweries	1.88	July 7	1.73	2.62	2.46
A. Caird and Sons	6.14	June 6	5.63	6.14	5.63
Flight Refuelling	1.28	July 3	1.44	1.96	2.13
G. R. (Holdings) ...... int.	3.5	July 4	3.5	—	14.77
Guardian Trust	1.26	July 3	1.06	1.75	1.55
Matthew Hall	3.97	July 1	3.55	5.28	4.86
Horne Brothers	6.7	—	6.7	6.7	6.7
Hoskins and Horton	2.64	—	2.42	3.91	3.6
Inter-City Invest.	0.4	July 1	0.63	0.4	1.26
Lebong Tea ...... int.	nil(b)	—	4.2	—	6.88
Marshall's Universal	3.08	—	2.91	6.14	5.66
Natl. and Commercial int.	1.05	July 1	0.94	—	2.01*
S. Pearson and Son	3.69	July 2	3.27	5.09	4.67
Pearson Longman	3.07	July 2	2.72	4.47	4.12
Reyrolle Parsons	3	June 20	2	3	2
Richards ...... int.	0.18	May 29	0.18	—	0.79
Serck ...... int.	0.8	Aug. 4	0.7	—	1.9
Henry Sykes	2.2	—	2	3.32	3
United Wire Group ... int.	1.4	July 3	1.4	—	4.9
Wemyss Investment ... int.	2.8	June 23	2.8	—	9
George Wills	0.5	—	0.47*	1.17	1.08*
Wire and Plastics	1.54	July 1	1.35	2.44	2.28

Dividends shown pence per share net except where otherwise stated.

* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. (a) Scrip alternative proposed. (b) Because of delays in remittances from India.

Setback at United Wire

REPORTING A fall in taxable profits from £732,000 to £517,000 for the half year to March 29, 1975, the directors of United Wire Group say that any improvement can only arise from a deceleration of inflation and an upturn in customer offtake.

Turnover rose from £5.46m. to £5.83m. Tax took £254,000 against £361,000.

The interim dividend is a same again 1.4p net. Last year's *total was 4.9p paid from profits* of £1.32m. before tax.

● comment

United Wire's interim figures reveal a fall in margins of a quarter on the trading norm of 12 per cent. There was practically no scope for "metal gains"—UW takes profits on commodity price fluctuations straight into p and l—but wage inflation and reduced consumer offtake were far more powerful factors. The corporate cash squeeze has forced UW to produce for delayed delivery, and lower sales volume adds up, in this case, to unrecovered selling and administration overheads. This state of affairs could be followed by a decline in demand itself, and UW admits that orders are starting to tail off. At 50½p, the yield is 14.6 per cent.

Flight Refuelling £535,000

AFTER INCREASING £5,000 to £220,000 at half way, taxable profit of Flight Refuelling (Holdings) advanced £5,800 to £534,783 for all 1974. The directors had forecast that results for the second half should show an improvement on the first.

Earnings per 25p share are given at 4.31p against 4.64p and the dividend total is raised from 1.964p to 2.132p with a final payment of 1.275p net.

The group's interests are in the manufacture of specialised equipment for aircraft, nuclear and electronics industries.

Reasonable profit seen by Lebong

A "reasonable profit" is expected by Lebong Tea for 1974. Although climatic conditions have not been as favourable as in 1973, a drop in crop has been compensated for by higher prices.

Because of delays in getting remittances from India the directors are passing the interim dividend. The 1973 payment was 4.2p followed by a final of 2.68p —*from* profits of £40,646.

It is hoped to publish the 1974 accounts "somewhat earlier" than in recent years, and a final dividend will then be recommended.

ISSUE NEWS

Gartmore currency loans

Three Gartmore trusts have arranged new multi-currency loans. These are firstly by English and Scottish Investors with a loan facility of $US1m. available for five years to April 26, 1980, initially drawn down in U.S. dollars for a period of one year to April 26, 1976.

Group Investors and London and Gartmore Investment Trust have arranged facilities of $US0.7m. and $0.6m. respectively, both available for five years to April 30, 1980, initially drawn in U.S. dollars for a period of one year to April 30, 1976.

● comment

The new multi-currency loans arranged by these three Gartmore trusts are indicative of the high level of the investment currency premium. Gartmore suffered from the effect of changing exchange rates with some of its trusts last year, but it now feels that the premium risk is greater than that associated with loans. But it is not taking too many chances—the size of the loans is comparatively small.

CAMFORD RIGHTS

Camford Engineering announces that of the 6,168,103 shares offered to shareholders by way of rights on the basis of one-for-one at 25p, 5,960,348 (97 per cent.) have been taken up on provisional allotment letters and 207,755 sold at a premium for the benefit of holders who did not exercise their rights.

Photopia sales top £6m. aim

The chairman of Photopia International, Mr. Charles G. Strasser, announces that in the year ended April 30, 1975 the group's sales (excluding VAT) were substantially in excess of £6m.

In the previous year sales had increased to a record level of £5.07m., and the directors considered the group would not find it easy materially to show an *increase in 1974-75.*

They decided to set a target of exactly £6m. "and I am very pleased to report that the target has been exceeded by a comfortable margin," Mr. Strasser states.

The full preliminary results will, as usual, be published in August.

Matthew Hall tops forecast

AT HALFWAY when reporting profits before tax up from £1.1m. to £1.2m. the directors of industrial engineers, Matthew Hall and Co. forecast that profit for all 1974 would be approximately £2m. In the event it turns out to be £2.12m. compared with last year's £2.05m. Turnover has increased from £56.3m. to £70.1m.

A final payment of 3.967p raises the dividend total from 4.85764p to 5.2795p net.

	1974 £	1973 £
Turnover	70,180,000	56,348,869
Trading profit	1,865,134	1,784,912
Interest receivable	252,613	261,743
Profit before taxation	2,117,947	2,046,655
Taxation	1,128,501	1,065,515
Net profit	994,446	981,140
Minority	4,758	10,129
Attributable	*989,688	991,269
Dividends	601,528	553,463
Retained	388,160	437,806

* £616,306 (£733,796) dealt with in accounts of Matthew Hall.

● comment

Purists could criticise Matthew Hall's policy of taking profits only on contract completion, arguing that profits are not stated evenly. So, although an unchanged outcome in mechanical services of £1.7m. might be accurate—contracts tend to be short-term—chemical and petrochemical profits of only £118,000 may be understating the year's progress. Turnover, here, advanced by 35 per cent., reflecting the growing North Sea involvement, and an order book of £120m. is matched by analysts' profit expectations for 1975 approaching £1m. Conversely, an unpopular strategy of holding high cash balances has been vindicated. Additional working capital requirements generated an overdraft of £0.5m., but the group still has liquid balances of £1.3m. to finance future trading. At 108p, the shares yield 7.8 per cent.

East Lancs. Paper

Mr. C. G. Seddon, chairman of East Lancashire Paper Group told the annual meeting that "fairly reasonable results" were in for in the current year. paper mill and packaging were running full time.

The paper mill was well of budget for the first qu and April should be a reaso good month.

Although orders were than last year it seemed there would not be a great of difference between last figures and those of the first of this year, the chai reported.

Border Breweries pays more

TAXABLE PROFITS for the to February 28, 1975 of B Breweries (Wrexham) were changed at £627,870 a £634,625 after £303,000 com with £305,000 for the first h.

However, a lower tax char the year of £301,600 (£31 leaves the net profit up £318,640 to £326,270.

The dividend is lifted 2.4636p to 2.615p net with of 1.88p.

Albright business slackens

MANUFACTURERS OF che etc., Albright and Wilson business slackening in the quarter of 1975, managing tor Mr. D. W. Livingston yesterday.

Speaking after the annual ing, he declined to say h company did compared w same period of 1974, bu business was lower than not only in the U.K. but in of Albright's world marke

S. Pearson & Son, Ltd.

Preliminary Announcement of 1974 Results

Group Profit and Loss Account for the year ended 31st December

	£000	1974 £000	1973 £000
Profit of the group before taxation		20,427	25,714
Deduct proportions attributable to:			
Minority interests	6,126		7,586
Periods prior to acquisition	13	6,139	25
Profit before taxation attributable to S. Pearson & Son, Ltd.		14,288	18,103
Taxation thereon		7,864	8,928
Net profit attributable to S. Pearson & Son, Ltd. before extraordinary and in 1973 exceptional items		6,424	9,175
Extraordinary items less minority interests and taxation		8,725	5,464
Exceptional items less minority interests and taxation		—	728
Net surplus including extraordinary and in 1973 exceptional items		15,149	15,367
Dividends			
Preference shares 3.5%	17		17
Ordinary shares			
Interim 1.4p (1973—1.4p)	947		947
Proposed final 3.69122p (1973—3.27672p)	2,515		2,217
		3,479	3,181
Surplus retained and added to:			
Capital reserves	9,163		5,028
Revenue reserves	2,507		7,158
		£11,670	£12,186
Earnings per ordinary share, before extraordinary and in 1973 exceptional items		9.47p	13.54p

NOTES:

1. Dividend

The directors recommend a final ordinary dividend for the year to 31st December 1974 of 3.69122p per share, which together with the interim dividend paid of 1.4p, makes a total for the year of 5.09122p, equivalent to 7.76835p gross. This represents the maximum permitted increase of 12½%.

The proposed final dividend will be paid on 2nd July, 1975 to shareholders on the register at the close of business on 27th May, 1975. The annual general meeting will be held on 6th June, 1975.

	1974 £000	1973 £000
2. Attributable profits before taxation		
Banking and financial services	2,874	4,006
Newspapers and publishing	7,078	9,125
Industrial and commercial interests	5,110	5,701
North American interests	1,851	1,549
	16,913	20,381
Deduct:		
Head Office interest	2,280	1,998
Head Office expenses	345	280
	14,288	18,103

These profits are after making full provision by reference to values at 31st December for net unrealised depreciation on dealing investments held within the Banking and financial services sector.

	1974 £000	1973 £000
3. Taxation		
Total taxation including overseas taxes 1,956 (1973—1,816)	11,171	12,782
Deduct: Proportion attributable to minority interests and pre-acquisition profits	3,307	3,854
Attributable to S. Pearson & Son, Ltd.	7,864	8,928
4. Extraordinary items		
Net surplus (deficit) on:		
Realisation of properties	9,750	(318)
Revaluation and realisation of investments held for the long term	(2,471)	4,824
Realisation of interests in subsidiaries	2,020	114
Exchange differences	(541)	967
Miscellaneous	(33)	(123)
	8,725	5,464
5. Turnover	184,552	158,501

INTERIM STATEMENT

HIGSONS BREWERY LIMITED

INTERIM STATEMENT

Unaudited accounts of the Group for the 26 weeks ended 29th March 1975 are announced as follows:—

	26 weeks to 29.3.75 £	26 weeks to 30.3.74 £	52 weeks to 28.9.74 £
Turnover (External Sales excluding V.A.T.)	5,856,948	4,032,258	9,735,000
Trading Profit	511,977	466,013	1,067,382
Interest on Deposits	11,334	39,085	104,693
Investment Income	15,161	6,148	38,824
Group Profit Before Tax	538,472	511,246	1,210,899
Less Corporation Tax @ 52%	291,000	270,000	640,715
Group Profit After Taxation	£247,472	£241,246	£570,184

The Group figures at 30th March 1974 do not include profit attributable to James Mellor & Sons Ltd. A net interim dividend on the Ordinary Stock of 0.67 pence per stock unit of 25p amounting to £33,923 has been declared and will be paid on the 6th June 1975 (same as last year).

Recovery trend at S. Pearson

IN THE latter half of 1974 S. Pearson and Son has achieved profits before tax of £11.89m., compared with £12.5m. in the corresponding period last time.

This follows a first-half fall from £13.21m. to £8.53m., and gives a year's total of £20.43m., against £25.71m. previously.

The attributable balance before tax for the year is down from £15.1m. to £14.26m., and is stated after making full provision by reference to values at end-December for net unrealised depreciation on dealing investments held within the banking and financial services sector.

Earnings are given as 9.47p against 13.54p per 25p share before extraordinary items. The dividend is stepped up from 4.67622p to 5.09122p net with a final of 3.89122p.

	1974 £000	1973 £000
Turnover	194,522	156,381
Profit before tax	20,427	25,736
Minority	4,128	5,548
Pre-acquisition	12	25
Attrib. pre-tax	16,265	15,163
Banking and financial	4,554	4,980
Newspapers, publishing	7,952	9,125
Industrial, commercial	5,118	5,701
N. American int.	1,881	1,387
Head office int.	2,769	1,996
Head office exps.	345	289
Taxation	7,864	8,955
Net attrib.	8,434	9,375
Extraord. credits	6,725	5,464
Exceptional credits	—	728
Net surplus	15,149	15,567
Preference div.	17	17
Ordinary	3,462	2,164
To capital reserves	9,163	5,028
To revenue reserves	2,587	7,158

Extraordinary credits are stated after the deduction of minorities and tax, and comprise: profit on realisation of properties £9.73m. (loss £6.32m.); deficit on revaluation and realisation of investments held for longer term £2.47m. (profit £4.52m.); surplus on realisation of interests in subsidiaries £2.02m. (£0.11m.); exchange loss differences £0.54m. (credit £0.97m.); miscellaneous debits £0.03m. (£0.12m.).

Meeting, June 6.

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Chittagong prior to December 31, and in addition, 61,208 kgs. were shipped on account to the auction in London.

Sale prices for teas up to December 31, 1974, on an ex-warehouse basis averaged taks. 7.46 per kg. (5.34). Since the end of the year prices in Bangladesh have been maintained and in London, the teas sold have received satisfactory prices in relation to competitors.

However, in spite of the increased prices received in Chittagong, the rate of inflation in Bangladesh has affected costs to the extent that "only a small profit" is visualised for 1974.

It is too early, the directors say, to make any forecast of results for 1975 but, climatically, the year has started badly, which means that production in the opening months of the plucking season will be reduced and it is not expected at present that the year's crop will match that of 1974. The unknown factor remains world crop and world prices for tea.

Again there is no dividend on the Ordinary shares for 1974 but the Preference dividend will be paid as usual.

£11.5m. from Pearson Longman

INCLUDING associates, profit for 1974 of Pearson Longman, the publishing side of S. Pearson, contracted by £3.14m. to £11.51m., after being £2.69m. behind at half-way.

Net attributable profit came out at £5.37m., against £6.57m. After taking out the Preference dividends this is equal to 12.974p compared with 15.9p per 25p share.

The final dividend is 3.073p, to raise the total from 4.122p to 4.473p.

	1974 £000	1973 £000
Turnover	82,299	76,604
Profit before tax	*11,510	14,453
Taxation	3,997	7,938
Minority	145	118
Net profit	6,368	6,376
Exceptional credit	—	†317
Extraordinary credit	‡285	911
Available	5,653	7,604
Preference dividend	22	35
Ordinary	1,544	1,499
To capital reserve	399	716
To revenue reserve	3,288	5,364

* Includes associates £1.5m. (£1.56m.). † Net profit of certain overseas subsidiaries for three months to end 1973. ‡ Surplus on sale of investments and fixed assets £282,000 (£821,000); loss on reconverting net current assets in overseas companies £18,000 (profit £208,000); other credits £2,000 (£82,000).

Principal constituents of the Pearson Longman group are The Financial Times, Westminster Press and the Longman, Penguin and Ladybird book publishing enterprises.

Grattan sales growth

CURRENT YEAR sales of Grattan Wharehouses shows a "satisfactory increase," but pressures on margins continue, says the chairman, Mr. R. H. Owthwaite.

The service provided by catalogue mail order is established and attractive to its customers and will continue to be so within the varying conditions under which the country is living, he declares.

As reported on April 9 pre-tax profit for the year to January 31, 1975, decreased from £10.72m. to £8.9m. and the net dividend is 4.461p net (same) per share.

Running expenses increased considerably at a time when price policy was restrained by both legislation and retail competition. During the life of the last autumn and winter catalogue, many cost price increases were absorbed and not passed on to customers.

While the higher and escalating interest rates during the 12 months account for approximately a quarter of the increased interest charges, the need for additional finance was considerable. Overdraft at the end of the year amounted to £8.5m.

Mr. Owthwaite does not envisage further large capital commitments arising in the near future.

Chairman's statement Page 19

Wire & Plastic advance

ON A TURNOVER up from £870,945 to £956,378, group pre-tax profit of Wire and Plastic Products advanced from £167,502 to £209,511 in 1974.

When reporting first half profit up from £68,792 to £97,124 the directors said they hoped to maintain profitability despite increasing costs.

The dividend is raised from 2.2548p to a maximum permitted 2.44p with a final of 1.54p and a one-for-two scrip issue, for holders registered on May 28, is proposed.

	1974 £	1973 £
Turnover	956,378	870,945
Profit	209,511	167,502
Taxation	110,436	82,232
Net profit	99,075	85,270
Dividends	37,329	*34,406
Retained	62,746	54,064

* Less ACT recoverable.

Small profit seen for Dhamai

Dhami Holdings reports a total crop for 1974 of 946,127 kgs. compared with 773,636 kgs. in 1973, of which 597,084 kgs. were sold in

RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid Up	Latest Renunc. Date	1975 High	1975 Low	Stock	Closing Price p	+ or −	Div. or Amount	Times covered	Gross Yield	P/E Ratio
‡	F.P.	—	£36½	£33	Bell Canada ($25)	£33½	−½	—	—	—	—
§	F.P.	—	£21¼	£17½	Cont.Can. Inc. $US1	£20¼	−⅛	$1.6	—	3.7	—
+£12	Nil	—	65	28	Doelkraal Gold Mining	65pm	+20	—	—	—	—
‡‡	F.P.	—	123	120	Ewart New Northern	123	......	—	—	—	—
**	—	—	32p	30p	KellockConv.Units 10p	30p	......	—	—	—	—

FIXED INTEREST STOCKS

Issue Price	Amount Paid up	Latest Renunc. Date	1975 High	1975 Low	Stock	Closing Price £	+ or −
£100	F.P.	—	100½	99⅝	Agric. Mort. 11% 1975	99⅞	+⅛
$98	F.P.	—	$96½	$96½	Grainges 9¾% Bonds 1986	$96½	......
£97¾	£10	—	9⅜	8⅛	GLC 12⅝% Stk. 1982	8⅞	+⅛
♯	F.P.	22/5	100	100	Greenwood & B. 15% Uns. 1976	100	......
£99	£50	30/5	53¼	49½	Lincoln Corp. 13% 1980	51½	−½
††£99	F.P.	30/5	106½	101	Mid-Kent Water 10% Prf. 1980	105½	......
**	F.P.	23/5	15½	11¾	Mid-Southern Water 10% Prf. 1980	105½	......
£100	Nil	—	9	7	N. Atlantic Secs. 7½% Cnv. 95-96	8pm	......
$98	F.P.	—	$98	$96½	Ottawa-Carleton 8% Deb. 1990	$96½	......
$99	F.P.	—	$101	$92½	Papua New Guinea 9¼% Guar. 1985	$99½	......
††£76	F.P.	—	105¼	100	Rickmansworth & Uxbridge 10% Prf. 1980	104½	......
£100	F.P.	—	144	122	Slough Estates 10% Conv. Uns. '87/90	142	+2
£99½	£45	1/8	45¼	44½	Southend-on-Sea 12¾% 1981	44½	−¼
£99	F.P.	11/4	105	99	S. Staffs. Water 10% Prf. 1980	104½	......
**	F.P.	18/4	105	101	Sutton District Water 10% Prf. 1980	105	......
‡‡	F.P.	11/4	28	18	Vavasseur 33.5% Prf. 1981	26	−2
£99¼	£10	11/7	11½	10¼	Warwick County Council 12¼% 1980	10½	−½
—	F.P.	14/2	88	60	Worth Bond 12% Cnv. Uns.	86	......
+£100	Nil	2/10	47	18	Yorks Chem. 12¼% Conv. Ln. 87-92	27pm	......

"RIGHTS" OFFERS

Issue Price p***	Amount Paid up	Latest Renunc. Date	Latest Renunc. Date	Stock	Closing Price p***	+ or −
53	Nil	—	—	Assoc. Biscuit	20pm	+2
10p	Nil	—	—	Aurora Holdings	1¾pm	......
60	F.P.	11/4	23/5	Barratt Devs.	99	......
88	F.P.	11/4	9/5	Bestobell	119	+5
86	F.P.	27/3	16/5	Bridon	134	−1
25	F.P.	28/4	30/4	Camford Eng.	30	......
185	F.P.	16/4	16/5	Consolidated Gold Fields	260	+5
10p	F.P.	—	—	Croda Int.	61	+1½
55p	Nil	—	—	Delta Metal	15pm	+1
$1.20	Nil	—	—	Ex-Lands	80pm	−5
122.5	F.P.	—	—	F.S. Geduld R1	200	−5
53p	F.P.	—	—	Fothergill & Harvey	71	......
175	Nil	—	—	G.K.N.	65pm	+13½
25	F.P.	16/4	16/5	McPherson (D)	32	......
60	Nil	—	—	Morgan Crucible	25pm	−½
35	F.P.	—	—	Rolls-Hotco	54	+1
Kr60	Nil	—	—	S.K.F. "B"	200pm	......
38	F.P.	2/4	16/5	Sketchley	60	......
77	Nil	—	—	Spirax-Sarco	32pm	......
90	F.P.	28/4	22/5	Steetley	114	+1
190	F.P.	29/4	1/5	Tube Invs.	262	−4
59	F.P.	11/4	9/5	Unigate	46	+½

Renunciation date usually last day for dealing free of stamp duty. a Placing price to public. b Figures based on prospectus estimate. d Dividend rate paid or payable on part capital, cover based on dividend on full capital. p*** Pence unless otherwise indicated. g Forecast dividend; cover based on previous year's earnings. † Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividends. ** Issued by tender. § Offered to holders of Ordinary shares as a "rights." ♥ 230 S.Afr. cents. ‡ Rights by way of capitalisation. †† Tender allotment price. ♦ Reintroduced. ‡‡ Issued in connection with reorganisation, merger or take-over. ♣ Introduction. ♠ Issued to former Preference holders. ‡ Allotment letters (or fully-paid). + Provisional or partly-paid allotment letters. ★ With warrants.

Cadbury Schweppes forecasts upturn

ON PROSPECTS for the Cadbury Schweppes group, chairman Mr. G. A. Cadbury says at home the key conditions for a revival in investment and a return to profitable growth are the abolition of product price control and clear evidence that the Government is acting to bring the U.K. rate of inflation down nearer to the levels being achieved by principal trading partners.

He cannot make confident predictions but on present estimates expects the group profit for 1975 to show an improvement over the £29.62m. of 1974, itself a reduction of £4.84m.

Despite the introduction of VAT and a series of price increases, the U.K. confectionery group had another sucessful year and gained a further significant increase in market share in the face of severe competition.

The drinks side performed well although for much of the year was unable to provide the trade and consumers with the range they required. Both the tea and foods group met their sales and profit budgets.

In the European division soft drinks performed well, confectionery sales were "surprisingly firm" and food sales remained satisfactory. Overseas, the largest subsidiary—Cadbury Schweppes Australia—experienced a profit fall from £3.2m. to £2.9m. despite a 20 per cent. growth in turnover and increases in market share in both confectionery and drinks.

The preliminary figures for 1974 were reported on April 18, with the unchanged 2.27025p dividend.

At the end of the year, worldwide net borrowings stood at £87.8m. and were financed by a £20.8m. net increase in overdrafts, £17.1m. of medium and short-term loans and a £7.8m. rise in loan capital.

Since then arrangements have been made for increasing the acceptance and overdraft facilities provided by bankers. Arrangements have also been concluded for a six-year Eurocurrency loan of $U.S.25m. part of which will be used for repaying certain short-term currency borrowings.

Capital expenditure totalled £38.8m. Two major North American projects, the confectionery factories at Hazleton in the U.S. and Whitby (Canada) were completed and are now in production, and the bulk of the investment in the new Australian drinks factory at Tullamarine was also made.

There are no project in hand for significant additions to capacity at home or abroad because of the uncertain level of return and the first call that working capital makes on available funds.

Meeting, Abercorn Rooms, E.C., June 12 at noon.

Chairman's statement Page 22

Hoskins & Horton record

AFTER AN increase from £185,600 to £246,800 at half-way and a forecast of satisfactory results, civil engineers and hospital equipment makers, Hoskins and Horton reports taxable profit £89,464 ahead at a record £487,923 for all 1974. Turnover advanced from £4.28m. to £5.5m.

Earnings per 20p share are shown at 9.7p (same) and a final payment of 2.638p raises the dividend total from 3.596p to 3.908p net.

After all charges including tax of £257,996 against £180,515, the net balance emerge marginally higher at £229,927 compared with £228,944.

£307,795 decline at Inter-City

ALTHOUGH turnover of Inter-City Investment Group rose from £4.34m. to £5.81m. in 1974, profit before tax contracted from £473,511 to £165,716.

Stated earnings have fallen from 2.96p to 1.12p per 20p share and the final dividend is 0.4p net—there was no interim. Last year's total dividend was 1.258125p.

When reporting profits down from £241,000 to £150,000 at halfway the directors said there was every indication that an increase could be achieved for the second six months.

They now explain that the year was most difficult. The weakness in sterling, coupled with continued high interest rates and an increasingly competitive export market resulted in severely reduced margins.

However as a result of a number of changes in trading policy introduced last year there has been a substantial recovery in group margins for the first quarter of the current year, they say.

And provided there are no further adverse changes in the general economic climate a good recovery of profit for 1975 is anticipated and consequently the resumption of payment of an interim dividend, members are told.

Provision and costs hit National & Commercial

FIRST HALF (to March 31, 1975) operating profit of the National and Commercial Banking Group, before additional provision against advances and share of associate results, is £20.3m., a fall of 22 per cent. on the corresponding period last year.

Despite the lower level of base rate, interest earnings increased by employment of a larger volume of funds but this increase has been more than offset by higher expenses, mainly staff costs, explains Mr. J. O. Blair-Cunynghame, chairman.

The additional provision against advances is £3m.—£1m. in the Royal Bank of Scotland and £2m. in Williams and Glyn's Bank. After this, and crediting the share of associates results, which has fallen from £5.08m. to £1.734m., almost entirely due to the low profit made by Associated Securities in Australia and the results of Finance for Industry, the group's pre-tax balance for the half-year dropped from £31.19m. to £19.04m.

Allowing for extraordinary items and for Preferential dividends, left a profit attributable to the Ordinary of £9.38m. compared with £14.13m. Excluding the extraordinary items, this gives stated earnings per 25p Ordinary down from 6.8p to 3.08p.

	6 months 1975 £000	6 months 1974 £000
Operating profit	[illegible]	26,110
Additional provision	[illegible]	—
Balance	[illegible]	26,110
Share associates	[illegible]	[illegible]
Profit	19,051	31,196
Group taxation	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
Attrib. Ordinary	9,381	14,132
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]

The interim dividend is lifted from 0.9355p to 1.05p net. Total for the year to September 30, 1974 was 2.0082p paid from taxable profits, before extraordinary items, of £41.34m.—earnings per share 8.88p.

In the 1975 period the share of associates is based on six months ended September 30, 1974 for Lloyds and Scottish, Finance for Industry and Brown Harriman and International Banks, and for the six months ended December 31, 1974 for Associated Securities, Yorkshire Bank, BankAmerica-Williams Glyn Factors, and United International Bank.

In February 1975, C. W. Holdings sold its main subsidiary, Cripps Warburg, to Williams and Glyn's Bank for a nominal sum in order to facilitate its orderly disposal and realisation. Consequently C.W. has not been treated as an associate of the group. Full provision to write off the group's investment in C.W. has been included in the net surplus on trade and other investments within extraordinary items.

For the 1975 six months extraordinary items are dealt with in accordance with current standard accounting practice and the corresponding figures have been restated accordingly. The items, less tax, comprise (£000's omitted) net surplus on premises, and trade and other investments £377 (deficit of £1,342), net loss on realignment of currencies £113 (credit £148), and other credits £160 (£51).

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See Lex

BOARD MEETINGS

The following companies have notified dates of Board meetings to The Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available whether dividends concerned are interims or finals and the sub-division shown below is based mainly on last year's timetable.

Interims:—Ulster Television, Whessoe.

Finals:—BSG International, Bristwood, Hammerson Property and Investment Trust, P. C. Henderson, Mount Charlotte Investments, Newman Industries, Porter Chadburn, Royco, Rush and Tomkins.

FUTURE DATES

Interims:—

Lasmo Estates	May 7
Lloyds and Scottish	May 15
Meldrum Investment Trust	May 5

Finals:—

Allibond	May 7
Boosey and Hawkes	May 7
Collett Dickenson Pearce Intnl	May 6
Lubol Investments	May 5
Odex Racasan	May 22
Robertson Foods	May 29
Runciman (Walter)	May 20
Summers (O.C.)	*May 15

* Amended.

Guardian Investment ahead

FROM EARNINGS up from 1.82p to 1.83p per 25p share, Guardian Investment Trust is raising its dividend from 1.55p to 1.75p net per share for the year to March 31, 1975, with a final of 1.2p.

Gross income increased to £2,141,316 (compared with £2,060,187 including approximately £150,000 of deferred dividends) and pre-tax revenue was £1,604,517 against £1,521,482. Tax takes £573,995 (£495,908) leaving a net figure up from £1,025,574 to £1,030,522.

Net asset value per share is shown at 64.3p compared with 65.3p.

Reed & Smith capital spending

CONFIDENCE in the future of the British paper industry is expressed by Mr. K. C. Weedy, chairman of Reed and Smith Holdings in his annual statement.

He refers to the down-turn in activity on the paper-making side and the concurrent inexorable rise in costs, but says despite this, the group is maintaining a high level of capital expenditure as evidence of its confidence in the long-term future of the industry in general and its paper-making operation in particular. "This will enable us to reap the benefits of a recovery in demand."

More than £800,000 worth of capital expenditure has been contracted for or authorised for 1975.

The sharp down-turn in the paper industry has adversely affected current profitability for the main part of the group's business. Therefore, despite a very good current performance from the advertising and converting divisions, trading was bound to be difficult until the paper market improved.

In 1974, the group earned profits of £1.3m. (£0.67m.) from external sales of £23.67m. (£16.56m.), as reported on April 23 with the 2.596p (2.522p) dividend.

During the current year Mr. Weedy will reach 60 and intends to retire from the Board on December 31. Mr. D. Harrison has been nominated to become chairman.

Meeting, Taunton, May 22, at noon.

Henry Sykes tops £1m.

Chairman of Henry Sykes, Mr. A. Hepper, announces record profits before tax for the year 1974 of £1,028,000, compared with £844,000 in 1973 and £308,000 in 1972. The group are manufacturers and hirers of pumps, de-watering equipment, winches and pneumatic plant.

The 1974 results show a return on assets employed, before deducting bank and other loans, of 19.09 per cent. Earnings per share are shown to have increased from 13.23p to 15.01p and a final dividend of 2.2p net raises the total from 3p to 3.325p.

The current year has started well and there is confidence that trading profit for the first half will be at least as good as 1974. As to the second half forecasting is virtually impossible in the current climate, says the chairman.

The shares are not listed on the Stock Exchange but it remains the intention to seek a listing when market conditions are more favourable. In the meantime, the shares are dealt in by M. J. H. Nightingale and Co. in the "over-the-counter" market.

Agreement has been reached for the acquisition of John Whitehead Engineering (Willesden) for 194,701 Ordinary shares. It is expected that contracts will be exchanged within the next two weeks.

Whitehead designs and manufactures marine outboard propulsion units under the trade name Harbormaster, manufactures special purpose machines and operates as an engineering subcontractor.

Meeting, 5, Belgrave Square, S.W., on May 22, at noon.

Canadian Inds. upturn

First quarter earnings of Canadian Industries, the Canadian arm of ICI, advanced to $11m. or $1.12 a share, on sales of $146m., from $5m., or 51 cents in the corresponding previous period. Sales volume was up 36 per cent.

Strength mainly came from farm and industrial chemicals, and commercial explosives, the directors report.

They say the rate of improvement is not expected to continue for the rest of the year, but 1975 results could "compare favourably" with 1974 if labour relations problems are resolved in Canada and in company plants.

Horne Bros. downturn

Men's outfitters, Horne Brothers, announces a sales improvement of 17 per cent. in the second half following a 1 per cent. drop in the first half year, giving 9 per cent. improvement for the year to February 1, 1975 to £8.78m.

Pre-tax profit decreased to £410,126, compared with the previous year's record £558,265.

The 9 per cent. sales increase was insufficient to maintain overall profitability following Price Commission directives and cost increases, including appreciably higher interest on loans and depreciation.

But this decline was looked upon in the context of a more encouraging future after the particularly difficult period in the first half, the directors state.

Despite the continuing economic pressure upon the market sector served, five new branches and refits were carried out. Two new retail outlets were opened.

The dividend on the privately owned Ordinary is 6.7p net (same).

Following an encouraging pattern during the latter two months of last year, together with the improved sentiment in the economic climate with the recovery of the Stock Market and falling interest rates, the directors look forward to the present years "with cautious optimism."

Significant managerial activity in the areas of merchandise planning, financial and production control, should realise an improvement in trading results, they state.

	1974-75 £	1973-74 £
External sales	8,777,089	8,061,000
Trading profit*	445,958	594,007
Loan stock interest	35,832	35,832
Profit before tax	410,126	558,265
Taxation	238,011	190,109
Net profit	172,115	369,156
Surplus sale assets	25,001	—
Dividends	34,446	34,334
Capital reserve	22,700	—
Forward	716,132	577,065

* After depreciation £470,131 (£422,13[illegible]), interest on loans and mortgages £146,[illegible] ([illegible]), etc.

Minet confident of growth

UNDOUBTEDLY 1975 is going to be a "very difficult" year for Minet Holdings, says the chairman Mr. J. Wallrock, but he is confident that the group's rate of growth will continue to be satisfactory.

He expects brokerage income to show good growth and looks for a useful contribution from the many new ventures started last year.

Few of these new ventures contributed to profits in 1974 but Mr. Wallrock is sure that they will do so to a material extent in the future.

The past year was one of "enormous" difficulty as inflationary pressures raised the group's expenses to "unprecedented levels." However, the many dispositions which the group made in recent years to offset these difficulties, stood it in very good stead and the profit for 1974 again established a record, the chairman points out.

As reported on April 25 taxable profit expanded from £4.25m. to a peak £4.93m. in 1974 and in addition to effectively raising the dividend from 2.475p to 2.7p net the directors propose a scrip issue on a one-for-four basis.

A percentage breakdown of group profit shows U.K. companies 60 (61) and overseas companies 40 (39).

An increase in net liquid funds of £913,000 (£918,000) is shown in a statement of source and application of funds.

Meeting, Abercorn Rooms, E.C., on May 23 at 12 noon.

Richards little changed at halfway

Profits of textile manufacturers, Richards, decreased slightly from £202,000 to £198,000 in the half-year to March 31, 1975, on a turnover up from £3.22m. to £3.89m. Profit for the year to September 30, 1974, was £439,309.

After an unchanged tax charge of £100,000, and after extraordinary debits of £63,000 (nil), the attributable balance is down from £102,000 to £35,000 for the half year.

The extraordinary item refers to Aberclare, in which Richards held a 49 per cent. stake and was transferred to J and L F Goo[...] body for a nominal sum. In vi[...] of continued losses by Abercla[...] it was deemed prudent to wi[...] draw from the joint venture.

As part of the settlement ter[...] the company has a sum of £50,[...] on loan to Aberclare repayal[...] within five years.

The interim dividend is 0.1[...] net (same). Last year's total [...] 0.79p.

Reyrolle better than forecast

GROUP PROFITS, before tax, [of] Reyrolle Parsons, expanded [to] £4.52m. in 1974, compared wit[h] forecast of around the previ[ous] year's £3.15m.—at halfway it [was] up from £0.58m. to £1.14m. Tu[rn]over for the year declined fr[om] £112.76m. to £104.39m.

A Treasury permitted divid[end] of 3p net per £1 share compa[red] with 2p for 1973.

	1974 £000
Group turnover	104,386
Trading profit	5,989
Share associates	1,680
Other income	637
Interest payable	3,748
Profit before tax	4,518
U.K. tax	*84
Overseas tax	1,224
Net profit	2,819
Extraordinary debits	171
Minority	12
Attributable	2,697
Preference div.	46
Ordinary	[illegible]

* Credits.

Exports from the [...] amounted to £33.6m. T[...] borrowings were held at a sim[ilar] level to 1973.

Extraordinary items in[...] comprised £502,000 profit [...] release of amounts previ[ously] written off investments, [...] £44,000 profit from sale of inv[est]ments, less losses on exch[ange] of £407,000, rationalisation c[osts] of £171,000 and £139,000 [...] goodwill.

Profit on redemption [of] Unsecured Loan stock, £44[...] is included in other income.

The company is engaged [in] electrical engineering and [...] manufacture of electr[ical] equipment.

See Lex

W. H. Smith sales up 32.3% so far

THE CURRENT YEAR has started very well at W. H. Smith and Son (Holdings) with retail sales up 32.3 per cent. so far, the chairman Mr. C. H. Troughton tells members.

The year was started with a "very strong" balance sheet and £9m. of capital expenditure is planned to be financed from group resources.

The chairman still has "unbounded confidence" in the long term. But there are many imponderables in the short term; the impact of the referendum, Government policy and world trade are all too uncertain to say much that is positive, he says.

The directors believe it is important to the company that the country stays in the Common Market. "Our developing interests in Europe are a practical illustration of this," says Mr. Troughton.

As reported on April 11, profits before tax were £9.14m. against £6.88m. for the year to February 1, 1975, and the dividend is 8.81p (7.49175p) net.

A statement of source and application of funds shows an increase in cash balances of £1.12m. (decrease £0.88m.) at the year end and a decrease in short-term investments of £4.37m. (increase £1.96m.).

Inflation adjusted accounts show profits before tax of £8.23m. (£11.32m.) on a CPP basis, asset value per £1 share of 350p (339.1p) compared with 239.2p (222.3p) historical, earnings per share of 18.5p (31.9p) CPP against 23.9p (28.2p) historical before extraordinary items, and 18.2p (27p) against 24.7p (33.6p) after such items.

Mr. Troughton points out that the inflation accounts show that merely to stand still in terms of real money the group ought to have made £11.5m. in spite of an investment of £7.9m. in 1973-1974 and £7.6m. in 1974-75, it is, in fact, earning no more in real terms than three years ago—in fact less."

Rolls-Royce Motors Hldgs.—sales up

The chairman of Rolls-Ro[yce] Motors Holdings, Mr. Ian Fra[...] told the annual meeting that [pro]duction and sales so far this [year] were generally in line with pl[ans] and higher than the last qua[rter] of 1974.

He said it was impossible [to] forecast the profit for 1975 as [...] inflation was still having a mar[ked] effect on overseas trading. [The] company earned £4.95m. (£4.2[...]) pre-tax in the year 1974.

Shareholders agreed to [...] the authorised share capital [to] £13m. by creating 4m. 25p O[rdi]nary shares. The directors [...] said they have no immed[iate] plans to issue these new sha[res].

Cohen & Wilk[s]

Manufacturers of m[...] weatherwear, etc., Cohen [&] Wilks (Holdings), has retu[rned] to profitability in the first qua[rter] of 1975. A Board reorganisa[tion] is announced.

Mr. G. W. Garnham has [been] appointed chairman in place [of] Mr. B. J. Howard, who cons[iders] that future development of [the] group requires full time invo[lve]ment of the chairman which, [for] other business reasons, he [will] be unable to fulfil in the fu[ture].

The Board is now Mr. Garnh[am] chairman; Mr. P. T. Sherr[...] Lucas, group managing direc[tor] Mr. K. A. Quas-Cohen and [...] B. Spink.

Mr. Spink represents Co[hen] and Wilks (International) [...] recently formed joint ven[ture] company with Mitsui and C[om]pany of Japan.

INTERIM STATEMENTS

مكتبة الأصل

FARMING AND RAW MATERIALS

Ford will veto farm exports embargo

By Adrian Dicks

WASHINGTON, May 1.

PRESIDENT FORD, encouraged by prospects of bumper wheat and feedgrain harvests this summer, will shortly offer a formal pledge not to resort to embargoes on agricultural exports this year.

The pledge will be embodied in the President's message to Congress to-morrow formally vetoing last month's Farm Bill, according to senior agricultural officials here.

Confirming the veto of the Bill, which had been generally anticipated, the Agriculture Secretary, Mr. Earl Butz, said that present official calculations are for a maize crop of 6bn. bushels this year, compared to last year's 4.7bn., and for a total wheat crop in the region of 2-2.1bn. bushels. He admitted, however, that "we could be in serious trouble with corn (maize)" if weather conditions turn out to be as dry as 1974's.

Mr. Butz said he was satisfied that with access to every major market in the world, U.S. farmers would have no difficulty in selling their output. He expressed concern at the continuing increases in costs, but said he was encouraged by the 4 per cent. rise in farm commodity prices last month.

Dearer food

This would mean a "healthy level" of prices for farmers, though it would also be rapidly translated into dearer food for consumers.

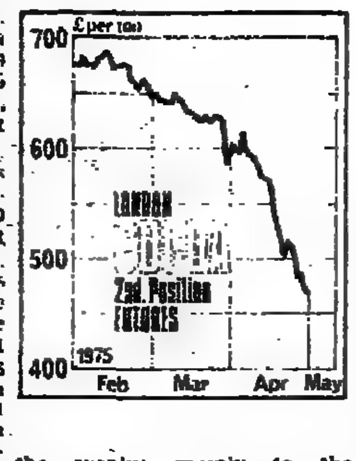
Mr. Butz implied that this change from the downward trend in farm prices over the past five months justified the Administration's refusal to accept the higher support prices which the Farm Bill would have put into place.

He also said the President did not intend for the time being to increase loans made to farmers in order to let them hold out for higher prices.

This decision could count against Mr. Ford if the Congress tried to summon a two-thirds majority in either House to over-ride his veto of the Bill. Many members on both sides who originally voted against the Bill did so in the belief that the Administration would increase the volume of loans on its own initiative.

Big rise in cocoa supply surplus forecast

BY JOHN EDWARDS, COMMODITIES EDITOR



by John Edwards Commdts Edtr.
THE BIGGEST surplus of cocoa supplies over demand for 10 years is forecast for the 1974/75 season by London merchants, Gill and Duffus, in their latest market report out to-day.

The company has raised its prediction of the expected surplus of new output to 102,000 tons, against its previous forecast of 48,000 tons made in February.

What is more, the report adds that producing countries are thought still to have to dispose of large quantities of current crop cocoa. It suggests that as much as 100,000 tons of the main crop remain for sale in West Africa, while in Brazil less than half the expected record Temporao crop has been sold and some one-third of the sales are open fixation contracts, which when price fixed will create further pressure on the market in hedge selling.

Some London market forecasters are projecting the forthcoming Temporao crop as high as 2.5m. bags and if the Gill and Duffus sales estimates are well founded, this could mean a further 100,000 tons still to be sold from Brazil as well.

This could possibly explain unconfirmed rumours that members of the Cocoa Producers Alliance have suspended sales until Monday, when a meeting of the sales managers from the major producing countries is said to be planned.

Meanwhile, Gill and Duffus attributes the big increase in the surplus mainly to the "promise of a record Temporao crop in Brazil" and world production for the season to September 30 this year, has been raised to 1,482,000 long tons compared with the February forecast of 1,433,000 and 1,423,000 in 1973-74.

Grindings for the season have been reduced to 1,365,000 tons against February's forecast of 1,373,000 and the 1973-74 figure of 1,455,000 tons. Allowing for a 1 per cent. loss of weight in production, the surplus is 102,000 tons, compared with a deficit of 46,000 tons in 1973-74.

The report points out, however, that although this season is likely to see the biggest surplus since 1964-65, the situation is rather different to-day.

The 1964-65 surplus came at the end of seven years of plenty, while on this occasion stocks have been reduced by two years of supply deficits and even if the 102,000 tons surplus proves correct, the carry-forward stock at the end of the season at 390,000 tons, is considerably below the carry-over at the end of the 1972-73 season. In terms of working stocks the end season surplus will be 3.4 months supply against 7.4 months ten years ago.

The projected surplus this season has been created mainly by the large fall in consumption, some 220,000 tons down on the peak reached in 1972-73, rather than by changes in supply, although the predicted world production would be the second biggest ever.

The report warns that it should not be too readily assumed that the consumption leeway will be made up again in its entirety.

There is evidence of both sides of the Atlantic, it claims, of increased demand for cocoa butter substitutes, and it may be that users may never change back again.

Trading activity on the London cocoa futures market was at a low ebb yesterday, with much of the Continent being closed for the May Day holiday and the London annual cocoa dinner to-night. Nevertheless the July position eased by £4.25 to £496.5 a tonne.

World sugar below £200

By Richard Mooney

THE LONDON daily sugar price yesterday dropped below £200 a ton for the first time in over a year and less than six months after reaching its all-time peak of £650 a ton.

The £10 fall to £195 a ton reflected the purchase by a trade house of two cargoes of Columbian raws at $424 a tonne fob. On the London terminal market meanwhile futures prices closed a little higher with the October position gaining £3.125 on the day to £186.125 a ton.

The recent decline in world sugar prices, which has now wiped £78 off the LDP in a little over a week, is mainly due to the dramatic improvement in European beet plantings following the sudden change in the weather. The earlier wet weather had been serving as a prop to the market despite the basically "bearish" fundamental situation.

Though nearby futures values have fallen sharply the decline has not been fully reflected in the more distant months. The premium for August 1975 delivery over August 1976 is only £21.5 a ton compared with over £40 at the beginning of April.

Europe support for rubber stock plan

KUALA LUMPUR, May 1.

BRITAIN, West Germany, Italy and Holland have shown positive appreciation of a rubber buffer stock scheme proposed by Malaysia, Thailand and Indonesia, Malaysian Primary Industries Minister, Datuk Musa Hitam said on his return from a two-week European tour, reports Reuter.

The scheme, aimed at stabilising natural rubber prices will be discussed by experts of the Association of Natural Rubber Producing Countries (ANRPC) on May 6.

Datuk Musa said industrialised members of the International Monetary Fund (IMF) should amend its rules to provide direct financing for the buffer scheme.

He added that West Germany promised to adopt a more positive and constructive economic policy towards stabilisation of commodity prices.

TIN PACT TALKS FROM MAY 20

NEGOTIATIONS ON the fifth five-year Tin Agreement will start in Geneva on May 20 and are scheduled to last five weeks, an international Tin Council spokesman said yesterday, reports Reuter.

U.K. SUGAR BEET

Optimism may be a little premature

BY DAVID RICHARDSON

THE FALL in world sugar prices earlier this week, which was said to result from further good news of progress with planting the U.K. sugar beet crop, may prove to have been a little premature.

Certainly sugar beet has been drilled at a remarkable rate since the rains stopped about a fortnight ago and it is probable that about 75 per cent. of the U.K. crop was in the ground by the middle of this week.

Optimistically, the British Sugar Corporation immediately compared this spring to 1970, when a similar percentage was drilled by the end of April. The ultimate result of that crop was a respectable average yield of 14.3 tons per acre at 17 per cent. sugar; the implication being, of course, that the same is possible this year.

But cold statistics and date comparisons are only part of the story. My farm records show that although drilling was later than usual in 1970, seed beds were good and germination almost perfect. This is definitely not the case this year.

After weeks of cold and rain through March and early April, the dry and windy weather after [illegible] on April 18 was too sharp. The soil surface quickly dried into hard clods, while a few inches down it was still saturated.

Cultivation under these conditions is a sodden and often frustrating task. In the effort to make enough tilth from the dry clods on the topsoil to cover the seeds it is almost inevitable that some of the still wet subsoil is brought to the surface. This immediately bakes in the sun into yet more unbreakable clods. It changes, as they say in the heavy land areas where it's worst, from "mud to bricks" in a matter of hours.

Many thousands of acres of sugar beet have had to be drilled into mediocre and often downright bad seed beds in the past two weeks and, from my observation, many are even worse than in 1974. In other words, unless there are sufficient warm rains in the next week or two, there could be the same problem of poor germination which ruined so many sugar beet crops last year.

Neither can it be automatically assumed that the modest acreage of beet drilled in March between the rains is safe. On this farm one light land field drilled on March 27 looks likely to have to be cultivated up and drilled again.

Rain fell and lay on the surface for so long after drilling that the combination of "drowned" seed and a hard soil "cap" which has formed since, has affected the emergence of the seedlings. So far only about 15,000 plants to the acre have appeared, whereas 30,000 are needed for an economic crop. If no more emerge in the next few days we shall be forced to re-drill.

It is, of course, inconceivable that the BSC is unaware of all these difficulties. Its fieldsmen spend their lives pacing anxiously over sugar beet fields and reporting to head office. BSC's optimism is therefore to some extent political.

Late drilling

On the one hand it does not want to start another shortage scare, and on the other, it hopes that the psychological effect of its predictions will persuade farmers on difficult soils, where planting has only just started, to drill their full contract acreage. Because, as those farmers and the BSC are well aware, late drilling means lower and probably uneconomic yields.

More land scheduled for beet would almost certainly have been planted with barley if prices had held at pre-Christmas levels. Present dull trade, however, makes it a less attractive contender for acreage. On some farms, on the other hand, it can be drilled well into May without significant loss of yield, and contracts are still available at prices which could well attract some frustrated beet growers.

Farmers with livestock could also be tempted away from sugar beet to more fodder crops. The memory of last winter's shortages and the lack of grass growth at the moment could well persuade them to plant maize for silage, or even quick growing ryegrass for hay.

So although the BSC professes confidence, it knows very well how vulnerable some of this year's beet acreage could be. Since before the turn of the year it has managed, with the cooperation of the National Farmers' Union, to pressurise the Government into authorising entry [illegible] for the 1975 beet crop.

By careful timing of the announcement of each new concession or small rise it managed to persuade more [illegible] to sign contracts to grow, and reached within 10,000 of its 500,000 acre target.

It cannot be without significance that the latest possibility, [illegible] of an increase of up to a further £1.30 per ton of beet as a result of possible sales at EEC threshold rather than intervention levels in 1976 plus a return to monthly payments, should have been announced a few days ago just after the start of a fine spell of drilling weather. There is also rumour of possible further increases which may be paid if Britain stays in the EEC after June 5, and if there is an adjustment in the value of the "green pound."

Egg price-cut sparks protest

BY PETER BULLEN

EGGS WILL cost 3p to 4p a dozen less in the shops next week following a cut in first-band selling prices yesterday.

But the reductions of 3p a dozen in large, standard and medium grades and 4p for small, brought immediate protests from the British egg industry which blames the continuing importation of foreign eggs, particularly those from France, for undermining the U.K. market.

The National Egg Packers' Association sent a telegram to Mr. Fred Peart, Minister of Agriculture, and the Eggs Authority wrote to him complaining about the harm being done by the egg imports and calling for urgent Government action. The National Farmers' Union, which sent a telegram to the Minister a week ago, repeated its call for Government action to deal with the crisis.

A spokesman for Goldenlay, the egg-marketing consortium, announcing the price cuts, said they had been caused by the high level of cheap imports. He said he was very pessimistic about future price levels for home producers.

This week's reductions brought the average producer's price to about 25p a dozen at which no profit was being made on eggs. The outlook was for continuing heavy supplies of imported eggs and egg products from other EEC countries particularly as exporters were receiving monetary compensatory amounts of more than 2p a dozen. This would lead to further cuts in U.K. prices and a return to a loss-making situation for home producers.

Mr. Frank Powell, the marketing director, said: "If the high level of cheap imports continues we could revert to the pre-war situation of being entirely dependent on imports because home producers will go out of business."

Mr. Bernard Mallet, Eggs Authority chief executive, said they could not afford to have the U.K. industry wrecked while they waited for the EEC Commission to investigate the subsidies being given to French producers. They wanted Government action immediately under Article 135 of the Treaty of Accession which can be invoked if material harm is being done to any sector of the economy.

They felt particularly let down by the French who had promised a British delegation in Paris that egg exports to the U.K. would be reduced, whereas, since then, the exports had risen.

Mr. Don Avery, the chairman of the NFU Poultry Committee, said the imports were running at around 8 to 10 per cent. of U.K. packing stations' throughput. Since January, home supplies had shown a substantial cutback, but despite this producers were faced with price cuts that put them back into a non-profit making situation.

Zinc market leads metal price falls

BY JOHN EDWARDS

ZINC LED a general downturn in base metal prices on the London Metal Exchange yesterday. Although there was believed to be some support buying on behalf of producers, cash zinc lost a further £4.5 to £316 a tonne, making it some £44 below the official European zinc producer price of £360 a tonne at which the bulk of zinc is sold.

There were mixed feelings on the exchange about the sudden fall in zinc prices since Wednesday. At times, some dealers claim that the producers have been finding the cost of supporting prices during recent months too expensive in view of the lack of demand and as a result are now lowering their sights as a preliminary to cutting the producer price.

Others, however, feel that the May Day holiday may have more to do with it. They point out that there was a similar, sharper decline around the Christmas holiday period.

Subsequently the market was quickly hoisted back up again, and there seems little reason why this cannot be done again bearing in mind that stocks available to the market are already at a fairly low level, with a slight supply "squeeze" developing.

Lead and copper are believed to have suffered from "zinc" poisoning yesterday, and copper was further depressed by forecasts of another sizeable increase in warehouse stocks this week.

Reuter reported from New York that world refined copper stocks hit a new peak of 773,137 short tons at the end of March.

COMMODITY MARKET REPORTS AND PRICES

BASE METALS

COPPER—Lost further ground on the London Metal Exchange. [illegible]

[illegible]

TIN—Down again. With no lead coming from the Penang market which was closed for May Day, prices here gave ground owing to hedge selling and stale-bull liquidation. Renewed demand for High Grade cash metal at around the £2,970 level was thought to have been on behalf of the buffer stock manager and steadied prices in later trading. Turnover, 885 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	2970-5	-8.5	2965-70	-15
[illegible]				

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	194.5	-2.87	193.5-.75	-2.82
3 months	191.5-2	-1.87	190.5-1	-1.5
S'ment	195	-2.5	—	.....
N.Y. Spot	—	.....	*24.50	.....

Morning: three months £192, 90 to 92.25, 91.5. Afternoon: cash £193.5, three months £191.5, 91. Kerb: three months £190.5.

ZINC—Retreated. Cash metal fell to £315 at one stage with forward at £306 as stale bull liquidation met with little fresh buying interest. At the lower level, cash metal rallied owing to renewed influential buying which was thought to have been on producer account with forward recovering in sympathy. Turnover, 9,225 tonnes.

[illegible]

SILVER

Silver was fixed [illegible]

COCOA

Labour Day holidays in many countries kept trading quiet throughout the day. Prices closed on the lows and with late afternoon jobber selling, reports Gill and Duffus.

[illegible]

COFFEE

During the afternoon, Robusta futures hardened further on general short-covering [illegible]

FREIGHTS

DRY CARGO—Grain demand from North America remained small but cargoes were fixed from Northern Range to Lisbon at $117,000 f.i.o. based on 13,000 long tons for May and from the U.S. Gulf to Japan at $6.30 f.i.o. for June. A cargo of wheat was booked from the [illegible]

RUBBER

[illegible]

SUGAR

[illegible]

GRAINS

[illegible]

WOOL FUTURES

[illegible]

JUTE

[illegible]

VEGETABLE OILS

[illegible]

MEAT/VEGETABLES

[illegible]

COTTON

LIVERPOOL COTTON—[illegible]

GRIMSBY FISH—Supply good, demand fair. [illegible]

COPRA—Philippines: May, June, July [illegible]

Wool demand still strong

By Our Commodities Staff

THE STRONGER tone in the Australian wool market was maintained at yesterday's auctions in Adelaide, Fremantle and Brisbane.

Prices closed firm at all three sales where Japan was again the major buyer supported strongly by Eastern Europe and the EEC. Trade offtake remained at a high level and the Australian Wool Corporation had to purchase very little wool by recent standards. The corporation bought 4 per cent. of the 17,827 bales offered at Fremantle, 2 per cent. out of 16,561 bales at Brisbane and 12 per cent. out of 24,852 bales at Adelaide.

Prices were also reported to be firm at the South African wool sale in Durban.

PRICE CHANGES

Prices per ton unless otherwise stated

	May 1 1975	+ or —	Month ago
Metals			
Aluminium	£378.5	.....	£378.5
Free market c.i.f.	£280-285	.....	£280-300
Copper			
Cash Wire Bars	£558.5	-4.75	£574.5
3 months do. do.	£566.75	-4.5	£592.5
Cash Cathode	£529	-3.5	[illegible]
3 months do. do.	£546	-4.5	£562
Gold Troy oz.	$168	-1.0	$176
Lead Cash	£193.625	-2.625	£205.5
3 months	£190.75	-1.5	£204.25
Nickel	£1,884.8		£1,884.8
Free market c.i.f.	$1.70-1.9	.....	$1.75-1.9
Platinum troy oz.	£67 71.5		£71.5-78
Free Market	£61½ 66½	0.5	£63 65
Quicksilver	$167 182		$158 168
Silver Troy oz.	184.55p	1.55	[illegible]
3 months	189.35	1.8	[illegible]
Tin Cash	£2,967.5	-12.0	[illegible]
3 months	£3,015	-14.5	£3,171.5
Wolfram 22.04lb cif	[illegible]		[illegible]
Zinc cash	£316	-4.5	[illegible]
3 months	£306.75	8.5	£328.25
Producers	£360	.....	£360
Oils			
Coconut Malayan	:	.....	:
Groundnut			
[illegible]	£386	.....	£416
Linseed Crude	£467	.....	
Palm Malayan	£185	.....	£207
[illegible]	:	.....	
Seeds			
Copra Philippine	$278	.....	$305
Soyabeans Nigerian			
Linseed Can. No. 1	£164.7	+3.7	£174
Grains			
Barley EEC	£49.75		
Home Futures	£48.55	-0.35	£48.5
Maize			
French No. 3 Am	£50.5	.....	:
S.A. Yellow Flint	:	.....	:
Wheat			
No. 1 Red Spring	:	.....	
No. 2 Hard Winter	:	.....	£61.9
Australian			
English Milling	£51.5	.....	£55
Cocoa shipment	£526	-5.5	£683.5
Future July	£469.5	-4.25	£599.25
Coffee Shipment			
Future July	£894.5	-1.75	£421.25
Cotton "A" Index	53.95	-0.05	50.5
Jute [illegible]	£244	.....	£244
Rubber kilo	26.0p	.....	26.5p
Sisal [illegible]	$850	.....	$850
Sugar	£195	-10	£240
Woolstops 64s kilo	167p	-2.0	174p
Cloves Madagascar	£2,550		£2,590
Pepper White ton	£840		£840
Black ton	£675	.....	£705

* Nominal. [illegible] Seller. [illegible] Unofficial close. [illegible] Indicative price [illegible] Uganda Robusta standard [illegible] Bangladesh white [illegible] Liquidated. [illegible] Seller's quotation [illegible] January. [illegible] Jan.-Feb. [illegible] Jan.-March. [illegible] February. [illegible] Feb.-March. [illegible] Nov. [illegible] May-June. [illegible] Nov.-Jan.

INDICES

FINANCIAL TIMES

May 1	April 30	Month ago	Year ago
161.32	162.97	170.93	328.29

(Base: July 1, 1952=100)

REUTER'S

May 1	April 30	Month ago	Year ago
1071.5	1077.6	1097.0	1401.3

(Base: Sept. 18, 1931=100)

DOW JONES

Dow Jones	May 1	April 30	Month ago	Year ago
Spot	284.03	284.07	309.25	546.61
Futures	262.39	266.64	286.51	511.79

(Average 1924-25-26=100)

MOODY'S

Moody's	May 1	Apr. 30	Month ago	Year ago
Spie Commodity	729.7	726.8	745.2	719.4

(Dec. 31, 1931=100)

U.S. Markets

Grains fall sharply in Chicago

NEW YORK, May 1.

SILVER ADVANCED on Commission House short-covering, while copper declined on trade selling. Cocoa closed higher in featureless trading. Sugar closed higher on [illegible] Chicago grains finished sharply lower on [illegible] liquidation and reports of favourable weather in the mid-west, Bache reports.

Gold—[illegible]

Cocoa—[illegible]

Coffee—[illegible]

Copper—[illegible]

Cotton—[illegible]

Greasewool—[illegible]

Lard—Chicago loose 27 nom. [illegible]

Maize—[illegible]

Platinum—[illegible]

Silver—[illegible]

Soyabeans—[illegible]

Soyabean Meal—[illegible]

Soyabean Oil—[illegible]

Sugar—[illegible]

Tin—[illegible]

Wheat—[illegible]

WINNIPEG, May 1. Rye—May 2[illegible] bid, July 214 (220) bid, Oct. 207, Dec. 204 nom.

Oats—May 169 bid (174½ bid), July 166½ (171) asked, Oct. 162 bid, Dec. 162 nom.

Barley—May 257½ bid (240), July 271½ bid (257) asked, Oct. 221 asked, Dec. 220 nom.

Flaxseed—[illegible]

Wheat—[illegible]

All cents per pound [illegible]

To the Holders of

Argentine Republic

Floating Rate Notes 1977

In accordance with the provisions of the above Notes, Bankers Trust Company, as Fiscal Agent therefor, has established the Rate of Interest on such Notes for the semi-annual period ending October 31, 1975 as nine and three-quarters percent (9¾%) per annum. Interest due on such date will be payable upon surrender of Coupon No. 10.

Dated: May 2, 1975

Bankers Trust Company, *Fiscal Agent*

Nissan lifts profits 20% but sees problems ahead

BY CHARLES SMITH

TOKYO, May 1.

NISSAN MOTOR Company, Japan's second largest motor producer, has reported a 20 per cent. increase in its net profits and a 180 per cent. gain in operating profits for the six months ending last March, compared with the previous six-month term ending last September. The improved profits reflect a higher derating ratio which cut down Nissan's production costs per vehicle and more than cancelled out increases in steel costs.

Net profits for the March term were Y10.25bn. compared with Y8.54bn. for the September period. Operating profits in the six months ending in March came to Y18.21bn., up from Y6.43bn. in the previous half-year.

Nissan's exports during the six months ending in March were almost static at 439,000 vehicles, but its domestic sales showed a rise of 31 per cent. from 428,000 to 575,000 vehicles. The value of sales for the period were Y769.41bn. against Y660.22bn. in the previous six months.

Nissan's profit recovery has not put it back to where it was a year ago. In the six months ending March 1974 the company earned a net profit of Y14.41bn. Nissan's sales decreased slightly during the first half of last year and its cost rose sharply causing a 40.7 per cent. decline in net profits during the six months ending last September.

Prospects for the company's current business term are said to be slightly less good than those for the completed March 1974 term. Nissan does not apparently expect to maintain the recovery in domestic sales recorded early in the year, which is attributed in part to attempts by Japanese buyers to beat the deadline of April 1 on the introduction of stricter emission controls.

The April deadline applied only to new models, not to existing models. A second "hump" in domestic car sales could come in the last few months of 1975 before emission controls become applicable to all new cars (old and new models) at the end of the year. But this will probably come too late to affect sales substantially during the current six month business term.

Nissan also expects its profits to be affected by higher material costs during the next few months including an increase in steel price to be announced shortly. The company plans to "fight" the increase but past trials of strength between the steel industry and its customers in the motor industry have usually ended in victory for the former.

Ericsson expects better year

BY WILLIAM DULLFORCE

STOCKHOLM, May 1.

L. M. ERICSSON, the Swedish telecommunications group, anticipates a 20 per cent. turnover growth and an increase in pre-tax profit this year. This forecast is made despite a falling off in the rate of increase in new orders and a slight decline in earnings in 1974, due to unusually heavy currency losses and a deterioration in the margin between sales prices and manufacturing costs.

The order backlog at the end of the year was Kr.7.7bn. (£810m.) or 18 per cent. higher than a year earlier. Orders received last year totalled Kr.7.4bn., an increase of only 9 per cent. over 1973, when bookings rose by nearly 40 per cent. The board notes in the annual report that "dislocations" can be expected in several current, ambitious, public telephone programmes abroad, as state budgets are cut back to meet inflation and difficulties are encountered in raising finance.

The group's market standing and competitive strength, are however, expected to ensure new orders this year at a similar or slightly higher level than in 1974. The group's factories, with one or two exceptions, should be fully employed and further capacity is being built, to meet anticipated demand.

Group sales last year rose by over 21 per cent. to just under Kr.6bn. (£632m.), of which only 17 per cent. went to Swedish customers. The pre-tax profit after depreciation but before allocations dropped by Kr.22m. to Kr.818m. (£86m.). Manufacturing costs rose faster than sales prices, weakening the concern's margin by 3 per cent. But the main negative factor was a loss of Kr.53m. in adjusting the accounts of foreign subsidiaries from their own currencies to the krona. The parent company also had a currency loss of Kr.29m. in U.S. dollars from goods delivered under earlier credit terms.

Allocations to inventory reserves, investment funds and Sweden's obligatory state environment and investment funds took Kr.354m. compared with Kr.153m. in 1973. After deducting the minority share, the group shows a net profit for the year of Kr.197m. (£20m.) compared with Kr.284m. the previous year. If the allocations mentioned are added to this entered profit and the tax, which would have been payable on the allocations, is deducted, an adjusted net profit is arrived at of Kr.325m. or Kr.21.10 per share, compared with Kr. 22.50 per share in 1973.

The parent company's turnover rose from Kr.2.4bn. to Kr.2.9bn. last year, producing a net profit of Kr.127m., compared with Kr.126m. in 1973. The Board proposes to raise the dividend by Kr.0.50 to Kr.6 per share.

Public telephone exchanges continued to account for just under 47 per cent. of Ericsson group turnover with sales worth just under Kr.2.8bn., but order bookings rose by only 2 per cent. during 1974. This compares with increases of 58 per cent. in new orders for transmission equipment for telecommunications and radio systems and of 35 per cent. for private exchanges and telephones.

SKF borrowing needs

BY WILLIAM DULLFORCE

STOCKHOLM, May 1.

SKF, THE Swedish rolling bearing concern, will have a major requirement for liquid resources over the next few years for its capital investment programme in Sweden, according to the prospectus for its one-for-four rights issue published to-day.

Projects covering buildings, machinery and stock inventories are needed to expand capacity and improve the concern's market position in face of increasing competition in the rolling bearing field.

The subscription offer of 3m. shares of Kr.50 nominal at Kr.60 per share is complemented by a bonus issue of Kr.150m., which will raise the share capital to a total of Kr.900m. The improvement in the ratio of equity to turnover will also raise the parent company's credit rating and ability to guarantee greater borrowing by group companies, it is stated.

The increase in liquid resources of approximately Kr.178m. from the rights issue will facilitate capacity expansion and modernisation of the Swedish steel plants. Last week SKF announced the construction of a new, Kr.132m. bar and wire rolling mill at Hallefors. It is also building a new steel-making plant at Hofors with an annual capacity of 220,000 tons at a total cost of Kr.140m.

Audi-NSU expects loss this year

By Jonathan Carr

BONN, May 1.

AUDI-NSU, the Volkswagen subsidiary, managed to produce a small net profit in 1974 despite all the difficulties in the industry—but it is bound to go into the red this year.

This was revealed at the annual Press conference by the Board chairman, Dr. Werner Schmidt, who also gave details of how Audi's workforce is to be cut as the whole VW concern fulfils its aim of a 25,000 reduction in the total labour force.

The 1974 net profit figure was DM2.9m. compared with DM22.7m. in 1973—the latter the more satisfactory since it remained after Audi had paid DM22.8m. to the parent company. In 1974 Audi made no such payment.

In common with almost all its competitors Audi saw a marked drop in turnover—by some 17 per cent. from DM3.68bn. to DM3.06bn. Unit sales fell by no less than 28.5 per cent. to 284,977. However, the figures here are being compared with the especially successful year of 1973—when Audi introduced its Audi-80 model to plaudits from Press and public alike.

In the first three months of this year Audi has substantially reduced its vehicles on stock—though at 73,000 the total is still 10,000 higher than the company would prefer. Sales have totalled DM796m. against DM919m. in the same period of 1974 and the export quota has dropped back to 30.5 per cent. against 56 per cent. The company is sceptical about the so-called "automobile spring" believing a major boost to sales will only come late this year or early next.

As for the labour force, this has to be reduced this year by 6,400 under the VW plan. Some 500 have already left and of the remainder 3,900 should depart under early pensioning-off, "golden handshakes" and similar schemes.

Claas returns to profit

By Guy Hawtin

FRANKFURT, May 1.

THE CLAAS GROUP, a leading West German agricultural machinery manufacturing concern, has come firmly into the black after several years of losses. The concern made a handsome profit for the 1973/74 business year and expects a repeat performance in 1974/75 when turnover is forecast to top the DM600m. mark.

Some DM17.7m. were allocated to cover losses carried forward, while DM6.7m. went to strengthening reserves. In spite of this there was a net profit of DM7.4m.

Group turnover in 1973/74 rose by 24 per cent. to DM571m.

Mary Campbell in London and Guy de Jonquieres in New York discuss the uncertainties which surround the withholding tax position of U.S. companies now that they show signs of returning to the Eurobond market for their fund raising.

Fly in the ointment

THE TWO recent Eurobond issues by the U.S. companies Miles Laboratories and General Electric have reopened the question of the withholding tax on interest paid by U.S. companies and their subsidiaries to their bond-holders overseas.

Until last June the situation was clear, but following revised rulings from the U.S. Internal Revenue Service (IRS) it had been thought that few, if any, U.S. companies would any longer find it worthwhile to try to tap the European capital markets. However, if market sources are to be believed, the Miles and GEC issues are the vanguard of a series by U.S. companies in Europe.

The question of the withholding tax dates back to the imposition of restraints on exports of capital from the U.S. in the 1960s. During the 11 year duration of these various restraints the IRS rulings took account of the fact that the only way by which U.S. companies could finance increased investment overseas (other than from retained earnings) was by borrowing overseas. However, after these restraints were removed early last year the need for this exemption became less imperative and when the U.S. Interest Equalisation Tax lapsed on June 30, 1974, the IRS revoked its previous rulings.

Melting pot

It was this action which threw the whole question of withholding tax liability on interest payments to overseas residents by U.S. companies and their subsidiaries into the melting pot as far as future bond issues were concerned. The IRS said no further rulings would be forthcoming.

Although there were a couple of U.S. corporate issues in Europe last autumn (by Armstrong Cork and Dow Chemical) it is only recently that the European markets have become attractive to U.S. borrowers again. Until late last year most of the European bond markets were no more receptive to new issues than the U.S. bond market and U.S. companies could raise funds more cheaply at home than overseas.

Now however the position is changed. Apart from the revival of the Eurobond market, the congestion on the U.S. market arising from the heavy burden of federal government financing has pushed yields up in New York.

With U.S. investors more sensitive to differential credit ratings than European investors, it is at the least arguable that even allowing for the greater initial cost of floating issues on the Eurobond market, U.S. companies with less than the best rating can raise funds more cheaply in Europe now than at home.

All agree that a lot of U.S. companies are now interested in borrowing in Europe; the fly in the ointment is the 30 per cent. U.S. withholding tax.

Prior to last June, the IRS ruling was that interest paid to non-residents of the U.S. would not be liable to the tax provided the borrowing entity (a) derived at least 80 per cent. of its income from outside the U.S. and (b) was an entity separate from any company with a U.S.-based income. A subsidiary of a company was considered to be separate from its parent if its own debt-to-equity ratio did not exceed five to one.

During the eleven years to 1974 U.S. multinationals built up a plethora of so-called "finance subsidiaries" which borrowed money overseas under guarantee of the parent and on-lent the funds to the parent company's operating subsidiaries outside the U.S. Under what conditions, if any, the use of these finance subsidiaries in this way can continue is the question at issue now.

Given the refusal of the IRS to issue new rulings, there is inevitably a lot of feeling in the dark about U.S. companies' issues in Europe at present. However, legal opinion appears to be that a combination of three features would probably be sufficient to ensure exemption even now.

All of these three derive from the principle that the borrowing company should be demonstrably a separate entity from the parent. The three are as follows: 1—That the borrowing vehicle should have an adequate debt-to-equity ratio—following an IRS announcement that a five-to-one ratio "should no longer be relied upon" as a basis for concluding that the obligations of a finance subsidiary are its own indebtedness, opinion appears to be that a ratio of less than two-to-one is probably adequate. All the four issues so far fall within this limit, while both the Armstrong Cork and Dow Chemical issues last autumn were by vehicles with a one-to-one ratio.

2—That the borrowing vehicle should have an independent income adequate to service the debt; this could include income from other group companies, but not lending from the parent company.

3—That the borrowing vehicle should have an independent life of its own—this could include for example having its own offices, regular Board meetings and so on.

The fact that the Miles issue was made without a guarantee from the parent company is also likely to be used as evidence establishing independence in this case. The fact that the proceeds of the new issue were used to pay off a maturing issue which was exempted from withholding tax under the prior ruling is another factor for Miles, but is likely to be relevant to few if any of the other possible U.S. issues expected in the near future.

Another line being taken by some tax lawyers is that the public and private rulings of the IRS in the past amount to clear evidence that no withholding tax need be paid in some cases—in other words that the prior rulings have established a precedent which cannot suddenly be revoked.

Political

Finally it is thought that political factors may also be involved. It is believed that it was only with the greatest reluctance that the IRS agreed to allow the exemptions from withholding tax implied in the prior rulings anyway. Some sources suggest that last summer's revision of the withholding tax ruling are an expression of independence by the IRS from the central Government following the Watergate and other political scandals in the U.S.

To illustrate this, some Wall Street sources comment bitterly that the IRS tried to reimpose withholding tax even on outstanding issues covered by previous exemption ruling. They see this as evidence of the tax authorities' total lack of understanding of the facts of the market place.

Whatever the detailed truth of these various suggestions, it is thought that the political element in the situation has caused an implicit appeal to the Treasury over the heads of the IRS to be included in some legal opinions on the withholding tax question.

In the longer term it is possible that the U.S. withholding tax may be abolished anyway. However the prospects for an early repeal look bleak at present. Meanwhile the tax lawyers stay busy.

Chrysler loses $94m. in quarter

By Guy de Jonquieres

NEW YORK, May 1

CHRYSLER, the smallest a[nd] worst-hit of Detroit's "b[ig] three" car manufacture[rs] reported to-day that it made [a] net loss of $94.1m. in the fi[rst] quarter of this year, compar[ed] with a profit of $1.6m., or thr[ee] cents per share, in the sa[me] period a year ago.

These results are substa[n]tially worse than most W[all] Street analysts had been e[x]pecting and conflict with [a] forecast made only a mon[th] ago by Chrysler's chairman, M[r.] Lynn Townsend, that the fir[st] quarter loss would be small[er] than the $73.5m. defi[cit] reported for the final quart[er] of last year.

The loss reported would ha[ve] been even bigger but w[as] reduced by $22.8m. through t[he] adoption of a "flow through" accounting policy. This metho[d] adopted by Ford Motor al[so] enables the company to co[unt] investment tax credits [as] income for book-keepi[ng] purposes.

Chrysler said that its doll[ar] sales fell to $2.6bn. fr[om] $2.7bn. in the first quarter [of] last year. It made clear t[hat] while all its operations [in] different parts of the wo[rld] suffered during the quarter, U.S. operations were the wo[rst] hit of all.

Its car sales in the U.S. [fell] to 262,316 from 339,443, [but] overseas sales (excludi[ng] Canada) declined far le[ss] steeply, falling to 242,875 fr[om] 259,131, and their dollar val[ue] rose to $1bn. from $800m.

Chrysler will, presumab[ly] have to dig still deeper into bank borrowings to finan[ce] this loss, though it is believ[ed] still to have substant[ial] amounts of credit available. [At] the shareholders' meeting [on] April 15 Mr. Townsend s[aid] that it had so far drawn do[wn] only $240m. on its credit li[ne] of $500m.

ITT sales hit record levels

By Our Own Correspondent

NEW YORK, May 1.

INTERNATIONAL Telepho[ne] and Telegraph Corporati[on] (ITT) reported to-day its fi[rst] quarter earnings showed [a] small increase over those [in] the same period a year a[go]. Sales and revenues climbed [to] a record high.

Consolidated net income [for] the first quarter of 1[975] increased 2.4 per cent. [to] $106.6m., compared [with] $104.1m. for the same pe[riod] last year. Earnings per sh[are] were 86 cents, compared [with] 84 cents in the 1974 quarter.

If the effects of fore[ign] exchange were excluded, results would have show[n a] decline for the 1975 peri[od] reflecting economic fac[tors] which also influenced earni[ngs] throughout the last half [of] 1974.

Worldwide sales [and] revenues reached a record h[igh] of $2.6bn., an increase of 6 [per] cent. over $2.5bn. for the s[ame] period last year. Writ[ten] premiums for the Hart[ford] Insurance Group, not inclu[ded] in consolidated sales, w[ere] $462.4m., compared w[ith] $456.1m. in the first quarter [of] last year.

Airco shares: appeal move

NEW YORK, May 1.

MR. G. S. DILLON, chairm[an] of Airco Inc., said in Montv[ale,] New Jersey, to-day that a [U.S.] Federal Trade Commiss[ion] (FTC) action that is seeking [to] force the divestiture of [its] Airco shares by British Oxy[gen] could go as far as the Supre[me] Court.

At the annual meeting, [Mr.] Dillon said the FTC final ar[gu]ment was held Wednesday [and] the hearing should be co[m]pleted this autumn. He s[aid] there would probably then [be] an appeal to the Circuit Co[urt] of Appeals by the end of 1[975] and the "Supreme Court [and] beyond."

AP-DJ

Hoechst Holland sees downturn

BY MICHAEL VAN OS

AMSTERDAM, May 1.

THE TURNOVER of Hoechst Holland is expected to increase by a comparatively modest 12 per cent. this year after rising sharply by 41 per cent. to Fls.1.02bn. in 1974, largely as a result of sharp price increases.

The company added at a Press conference here on the publication of the annual report that the pre-tax profit was expected to decline by about 25 per cent. to Fls.48m. from Fls.67.1m. in 1974. Cash flow would probably fall slightly to Fls.91m. (Fls.100m.) and investments, which would be concentrated on the location at Flushing, would total some Fls.100m. (Fls.55m.).

Pre-tax profits in the first quarter of the current year amounted to Fls.11m. on a turnover of Fls.237m., the company added.

Hoechst Holland, which comprises the Dutch activities of the large German chemical group, was founded exactly 50 years ago and now employs nearly 3,200 people in more than four different locations.

It pointed out in the annual report that the results had shown a "strong improvement" last year, although they had been inevitably flattered by a substantial stock profit gain as a result of higher prices. The economic decline, which had become particularly evident in the final quarter of last year, had continued this year so far. Much would depend on the timing of the forecast economic upturn.

The Amsterdam-based company's net profits advanced to Fls.42.6m. from Fls.35.4m. in 1973 and the profit on stocks was given as Fls.25m. last year. Whereas the company's tax payment amounted to only Fls.2.7m. in 1973 after heavy fiscal deductions to compensate for earlier losses from subsidiaries and participations, Hoechst Holland paid almost the full sum (Fls.24.5m.) last year. Company chairman Mr. H. J. Helleman said the company expected to return to the "normal" taxation level this year.

Breaking down its 1974 turnover, production had accounted for Fls.730m. (up 40 per cent. on 1973 although the volume increase had been about unchanged) and imports Fls.294m. (up 44 per cent. whereas most sales divisions recorded volume increases of about 9 per cent. last year). Of the total turnover, Fls.383m. went to the domestic market (up 39 per cent.) and Fls.641m. was for export (up 43 per cent.).

Elsevier raises dividend

By Michael Van Os

AMSTERDAM, May 1.

ELSEVIER, the Dutch publishing company, proposes to raise its dividend for 1974 to Fls.4.80 per share of Fls.20 nominal in cash, which is an increase of Fls.0.60 on the year before. There will also be a payment of 3½ per cent. in shares charged to the tax-free premium reserve (4 per cent. in 1973).

The Amsterdam-based company, which achieves around 40 per cent. of its sales abroad, said in a short financial statement prior to the publication of the annual report that net profits had risen by 10 per cent. to Fls.16.7m. in 1974, while the pre-tax profits had gone up 11.3 per cent. to Fls.29.5m.

Swiss banker arrested

BY DAVID EGLI

GENEVA, May 1.

MR. TIBOR ROSENBAUM, director and a major shareholder of the International Credit Bank has been arrested here. Police declined to specify the charges.

The arrest was ordered by a Geneva examining Magistrate Mr. P. Moriaud.

International Credit Bank was granted a one-year payments moratorium in November 1974 and a Geneva branch of the London firm, Deloitte, Haskins and Sells, was appointed receiver during this period.

Mr. Rosenbaum was arrested at the Geneva Airport as he was about to leave for Paris. Also taken into custody with him was Mr. Abraham Reimer, a close associate also involved in the management of the bank. It is understood that a request for release on bail will be made on behalf of both men shortly.

The outstanding liabilities of International Credit Bank are understood to have amounted to more than £55m. at the time of the closure.

The one-year moratorium may be revoked by a Geneva court at any time and it now seems questionable whether the Geneva authorities will be willing to wait till October.

Van Ommeren holds up

BY MICHAEL VAN OS

AMSTERDAM, May 1.

PHS. VAN OMMEREN performed well last year, in common with all Dutch shipping companies. It saw its net profits fall very marginally to nearly Fls.57m. last year from the "exceptionally high" level of the year before (Fls.60.5m.), the company stressed.

It said in a short statement published ahead of the annual report that the gross earnings have risen to Fls.152.8m. from Fls.144.7m. in 1973. The results of the ocean shipping sector have maintained the high level of the previous year and the contribution made by inland tank shipping, tank storage agencies and transport had again increased.

The Phs. Van Ommeren supervisory board had proposed paying a 20 per cent. dividend in cash, minus the 9 per cent. interim paid last November. For 1973, 18 per cent. was paid in cash plus 5 per cent. in shares from the premium reserve.

BIDS AND DEALS

Scotia appeal to Panel

BECAUSE a bid by Alco Metropolitan Properties for the minority shares it does not already own in Scotia Investments would trigger a requirement for the repayment at par of Scotia's £1m. of 8½ per cent. convertible unsecured loan stock 80-85, the Scotia Board is to ask the Takeover Panel to waive the requirement that the bid be made.

A spokesman for the Panel said yesterday that the request would be considered by the full Panel, which is headed by Lord Shawcross.

In March, Alco bought the 27 per cent. holding in Scotia previously held by Triumph Investment Trust, thus raising its total stake to 60.6 per cent. and said it would bid the same price—8p a share—as it paid for the Triumph holding in due course.

Four Scotia directors—Mr. Glyn Braun, Mr. Herbert Browning, Mr. Alex Dembeniotis and Mr. Peter Frohlich—are directors of and own Alco, which itself financed largely by Northern Commercial Trust and Grindlays Bank.

Mr. Dembeniotis, Scotia's joint managing director, said the owners of the loan stock would not forego the repayment requirement, and since the stock represented a ten-year loan at only 8½ per cent. interest, it had been a "commercial decision" to seek Panel approval for Rule 34 to be waived.

Around 18 institutions own the stock, with two of them—the Electricity Board Pension Fund and the ICI Pension Fund—owning 47½ per cent. between them. Trustees of the stock are Phoenix Assurance.

RUBISLAW REVERSE BID FOR CONS. COMMERCIAL

Rubislaw Investment Trust is making an agreed £1.5m. bid for Consolidated Commercial, the food manufacturing and distributing property development and finance group.

If it becomes unconditional, an earlier agreement whereby Rubislaw was to buy 600,000 Consolidated shares (14.43 per cent.) from Edward Bates and Sons will cease to have effect.

The offer is to be made by brokers, Hedderwick Stirling Grumbar and Co., on behalf of Rubislaw and will be on a one-for-one share exchange basis, which represents a "reverse" takeover since Consolidated is by far the larger company. Rubislaw's share price eased 2p to 38p on the news, while Consolidated also lost 1p to 34p.

If the offer becomes unconditional, Edward Bates has agreed that terms of payment of monies it is owed by the Consolidated group will be amended.

Holders of 11.97 per cent. of Consolidated's shares have irrevocably agreed to accept, while other holders, including the directors and Edward Bates, with a further 29.02 per cent. have indicated they will accept.

BID FOR REST OF STURLA

Nominee Assurance (Holdings) has made an offer to acquire the remaining 1.32m. shares (34 per cent.) of George Sturla and Son which it does not already own, at a price of 4½p a share, or a total of about £88,000. It is Nominee's intention to maintain the listing of Sturla.

FRATERNAL EST.

Fraternal Estates shareholders have approved the capital increase to £550,000 by creation of 1.1m. Ordinary 5p shares to enable the completion of the acquisition of T and B Garage (Wimbledon).

G. MALLINSON

The revised offer by Illingworth Morris for the Ordinary capital of George Mallinson not already owned has been accepted by the holders of over 84 per cent. of the shares under offer. Illingworth now owns 88.23 per cent. of Mallinson Ordinary. The offer remains open.

More bids column 4

MINING NEWS

Hudbay looking beyond Canada

BY LESLIE PARKER, MINING EDITOR

IN HIS statement at the annual meeting Mr. Hal McKenzie, president of the Anglo American Corporation group's Canadian offshoot Hudson Bay Mining, continued his underlining of the company's diversification beyond the shores of Canada, a policy prompted at least in part by what he describes as "current domestic problems." In other words, the country's fiscal clobbering of its natural resource companies, a clobbering which is exaggerated by the still unresolved dispute between the Federal and Provincial Governments over the sharing of tax revenues.

This "discourages exploration, curtails expansion of existing facilities and forces postponement of other capital projects." Royalty imposts mean that high profit years will suffer onerous tax levels and, he might have added, will thus take away much of the incentive in a highly cyclical industry for anybody to provide the vital risk capital.

As Mr. McKenzie said, what is primarily objected to is a discriminatory tax rate compared with that imposed on other industries. A combined federal and provincial rate of 50 per cent. would be more realistic and would leave the industry with sufficient revenue to encourage further exploration and development in the provinces.

Meanwhile, he reckons Hudbay to have been fortunate in having embarked on a diversification programme a few years ago. The Indonesian oil interest reduces its dependency on Canadian operations as does the increased investment in the Terra fertiliser outlet in America now aimed towards a 51 per cent. stake. Then there is the first foreign mining venture, the La Verde copper prospect in Mexico with a target production date of early-1978.

Thus, Mr. McKenzie is able to express optimism that 1975 will be a "reasonably satisfactory" year and to consider that overseas investments will continue to generate substantial profits and thus assure a degree of stability for overall earnings that would not be possible in Canada alone.

DEELKRAAL

An apparent earlier misunderstanding in the dealing regulations surrounding the recent offer of Deelkraal shares to holders of Gold Fields of South Africa has led to a sharp upward movement in the former's shares. In nil paid form, they have jumped from 28p premium to 65p premium in the past two days. It is now understood that the allotment letters, due to be posted on May 9, are interchangeable with the Johannesburg market where the shares currently stand at around 90 cents (58p) premium.

A London holder of GFSA will now, it is believed, be able to sell his allotment letter to a South African resident and, when the R2 call becomes payable on May 30, the latter will be able to pay the balance in ordinary rand. GFSA holders were offered 85 Deelkraal shares of 20 cents at R2 for every 100 GFSA that they held. GFSA were £33 in London yesterday.

ROUND-UP

The scheme of arrangement between Transvaal Consolidated Land and Witbank Colliery detailed here on March 19 will have to be reconsidered if substantial increases in the South African Government's controlled coal price are granted above those already allowed for in Witbank Colliery's projections on which the share exchange was based. TCL rose to a new 1975 high of £11¼ yesterday.

A quarterly report from Australia's Vultan Minerals says that sales of 30.54 tonnes of tin concentrates and 5.43 tonnes of tantalite concentrates were finalised by smelters and buyers during the period. Providing conditions as presently known prevail increased sales should be finalised next quarter, it is stated. Vultan were unchanged in London yesterday at 12p.

Wankie Colliery is now going ahead with its previously proposed one for one scrip issue which will involve increasing the capital by 12,080,744 shares of $1. They will rank for any subsequent dividends declared although these have to be paid into blocked Rhodesian accounts so far as U.K. residents are concerned. Yesterday Wankie were unchanged at 62p.

Oppenheimer talks sense

AT LAST night's Institution of Mining and Metallurgy dinner in London Mr Harry Oppenheimer spoke about the great change which has taken place in the world mining scene. Once its profits were regarded as the legitimate reward for enterprise and risk taking. Now they are too often looked upon as illegitimate loot obtained from the destruction of natural resources and as such something to be eliminated or cut down to an irreducible minimum.

But he was able to point out that, while South Africa was a highly nationalistic country, foreign investors were welcomed there and treated just as favourably as South African investors. Taxation rates remain reasonably stable over long periods and agreements entered into by the Government with mining companies are strictly observed and are not as in many other countries renegotiated — the current euphemism—from time to time to the Government's advantage.

It is due to these circumstances almost as much as to an exceptional natural endowment that the South African mining industry and the country's economy in general have prospered as they have Mr Oppenheimer concluded.

RTZ RHODESIA LIFTS PROFITS

Despite a sharp setback in earnings of the Empress nickel-copper mine, Rio Tinto (Rhodesia) has managed to increase first quarter profits to $Rh 702,000 from $Rh 630,000 in the previous three months. The better performance presumably reflects improved earnings from the gold, emeralds and chrome interests.

Our Salisbury correspondent points out that because of a major overhaul of the nickel smelter Empress suffered a reduction in production of nearly 40 per cent in the past quarter. The group's profits were also adversely affected by low copper prices.

BIDS—(Cont'd.)

WPM TIDIES UP IRISH SIDE

Wallpapers ("Kildare") is to acquire the Walpamur Company (Ireland) in a deal which will leave Wall Paper Manufacturers (a subsidiary of Reed International) with about 75 per cent. of the equity of Kildare.

Kildare will purchase all the Ordinary capital and 17,400 of the 18,900 5 per cent. £1 Preference shares of Walpamur in exchange for 500,000 Ordinary 25p shares to be issued to Crown Decorative Products, the parent of Walpamur, and a subsidiary of WPM.

This will leave the WPM group with 83.9 per cent. of Kildare, but it intends to reduce this to about 75 per cent. by placing 60,000 of the Ordinary shares with the investing public.

The Stock Exchange (Irish) has agreed to suspend the listing of Kildare's shares until the acquisition has been approved. Kildare's turnover in the year to July 31 was £806,280 and pre-tax profits came to £60,671. Walpamur reported pre-tax profits in 1974 of £1.27m.

TEA SHARES CHANGE HANDS

Jokai Tea Holdings has purchased from Walter Duncan and Goodricke 247,682 Ordinary shares in Assam-Dooars Holdings and 258,581 Ordinary in Western Dooars Tea Holdings for a total cash consideration of £337,301. Jokai now holds 270,182 Ordinary in Assam-Dooars (30.50 per cent.) and 836,581 Ordinary in Western Dooars (29.75 per cent.).

WD and G has sold its holding of 247,682 Ordinary in Assam-Dooars and 271,696 Ordinary in Western Dooars for £335,005 cash against a book value of £438,218. The proceeds will be used within the existing business of WD and G.

Duncan Goodricke Investments has sold its holding of 271,696 Ordinary in Western Dooars and 247,682 Ordinary in Assam-Dooars.

ASSOCIATES DEALS

Cazenove and Co. purchased 10,000 Ordinary on April 29, and a further 10,000 on April 30, of Midland-Yorkshire Holdings at 400p on behalf of an associate of Midland Yorkshire.

Norwich Union on costs

THE COMBINATION of a very high rate of inflation with a dramatic fall in asset values produced problems of a most serious nature for the insurance industry in 1974 said Mr D. E. Longe, president and chairman of the Norwich Union Insurance Group in his annual report.

Life assurance, he said, with its long-term commitments can offset lower asset values against lower valuations of future liabilities, but the impact of rapidly rising expenses is the main problem. But for short-term business, such as fire, accident, motor and marine, not only are increased costs a major problem, but the fall in assets values is not matched by any reductions in liabilities.

The reverse position is the case, he pointed out, with liabilities increasing to an alarming extent by the impact of inflation on repair and replacement costs and on the level of awards for personal injury claims. In addition, the expansion of premium income resulting from inflation has to be supported by a proportionate increase in the underlying reserves. In these circumstances the capital base of the Fire Society was enlarged by the Life Society acquiring £20m. of further shares.

Single premium business in the Life Society fell dramatically during 1974, accounting entirely for the drop in new premium income from £22m. to £11m. Increases in new annual premium continue to be influenced by the U.K. legislation concerning national and company pensions. The 1974 sales programme was based on advocating pensions which were worthwhile in size and scope rather than for providing minimum benefit. This, together with a high degree of wage inflation, resulted in a substantial rise in new pension business.

Total income to the life fund in 1974 amounted to £191m., comprising £119m. in premiums and £72m. in investment income, while payments to policyholders and other outgo totalled £116m. After a transfer to investment reserves of £160m. the fund at the end of the year stood at £625m., compared with £918m at the beginning. The General fund showed a profit of £5m., although there was an underwriting loss of almost £4m.

Mr. Longe reports that last year the group invested £82m. in the U.K of which £29m. went into real estate, bringing the total value of the property portfolio to £340m. There was a small net reduction in the equity holdings of the group, but £12m was invested in gilts and £10m. in house purchase loans.

The banking subsidiary, Norwich General Trust, set up in 1972 increased gross profits to £2.7m. from £1.9m in 1973. The group is extending its banking interests by purchasing the Anglo-Portuguese Bank.

Mr. Longe expressed concern over the provisions of the Policyholders Protection Bill now before Parliament. While he hoped that any emerging legislation would provide speedy protection of policyholders in difficulties, he did not want the degree of protection to be so generous as to encourage irresponsibility in insurance companies, their intermediaries or their clients, with the cost falling on someone else.

Finally, Mr Longe paid tribute to the chief general manager of the Group, Mr Basil Robarts who retires after the general meeting on May 13. He has been senior executive for 22 years during which time the Norwich Union companies have truly become a group.

Chairman's statement Page 21

The Property Market

BY JOHN TRAFFORD

Provincial & suburban property gets a boost

THE most comprehensive comment on the current state of the property market and the outlook this week has come from Richard Ellis. The fact that its handsomely produced report was going to be presented next Thursday at a major Press conference—but somehow got out rather earlier — should not detract from the attention it is given. The agents have a number of interesting points to make particularly on the most attractive areas for investment and the outlook for rents.

First, however, a word on timing. The report is dated March and was written, I suspect, in the early days of the month before rent decontrol was a reality. It was held up by a printers' strike and has only just been delivered to the agents.

Any suggestions that it is generally less optimistic than the Jones Lang Wootton report, which seemed to help send property shares soaring, can probably be attributed to the fact that it was written earlier, before current investment trends were so apparent.

On investment in freehold offices there is a clear difference of opinion. Jones Lang believes that there has never been a better time to buy City and Central London properties. But Richard Ellis says that investment in prime provincial and suburban offices are now more attractive. This view is based on the belief that prime provincial and suburban yields, currently about 7.5 per cent, are marginally ahead of Central London yields and that provincial rent levels "will rise sharply in view of the substantial increase in building costs, the reduced supply resulting from lack of development activity and general inflation."

This, indeed, is a widely expressed view of many provincial agents. But before they celebrate the declaration of a powerful ally, they should read Richard Ellis' caveat. "Considerable care," say the agents, "is required in selecting the location of such purchases." That seems to be a guarded way of saying that investing in, say, Bristol and Leicester are very different risk propositions even though both cities have a large supply of offices at present.

Jones Lang and Richard Ellis have rather similar views on City rent levels, both expecting at best stagnation or at worst some decline over the next 12 months (Ellis) or 18 months (Jones Lang). Given the identity of views here it is surprising that they think differently about the City as a suitable place to invest.

This caution over rental *growth is perhaps the hallmark* of the Richard Ellis report. Because the agents do not see substantial rental growth in any sector, they believe that there will not be "a material decrease in yields across the board during the next 12 months." One may wonder what their views will be if interest rates begin to climb again, as could well happen.

Local authorities as investors

THE Richard Ellis report observes that a wider range of pension funds and insurance companies will be investing in property in the next 12 months, but who are they?

The pension funds of large industrial companies certainly form a part of the new funds that could come property's way. Richard Ellis itself has been retained by two such funds this year. It has also been given instructions by one of the six metropolitan counties that came into existence on April 1 last year.

The attractions of this local authority business are clear. The six metropolitan counties—Tyne and Wear, Merseyside, Greater Manchester, West Yorkshire, South Yorkshire and West Midlands—now handle the pension arrangements for the District Councils in their area and are each large enough to make a substantial investment in real estate.

If they embark on this course, they will be following the precedent of the Greater London Council which has been in the business since its inception and spends about £5m. a year on property. Only last month its pension fund bought Nelson House, a 82,000 square foot office block in the middle of Bristol from Holloway Developments, the John Laing subsidiary for £2.1m. Hillier Parker May and Rowden acted on its behalf.

One agent is rather less shy than Richard Ellis in revealing the identity of its local authority client. Healey and Baker revealed yesterday that it has recently been appointed by the West Midlands County Council (the largest of the new metropolitan authorities with a population of 2.75m.) to advise on the creation and management of a property portfolio. It is now looking around for suitable investments and talks of a substantial cash fund being immediately available.

Healey and Baker will be meeting their new clients next week to discuss a number of possible deals. As yet the West Midlands authority has not completed any purchase. I should be very surprised if any unconventional or ambitious purchases are being contemplated by the council. As a new entrant into the world of property investment, the council's initial preference is likely to be for safe, rack rented prime offices and shops with perhaps a smattering of industrial properties thrown in to balance the portfolio and give a suitable air to the investment policy of a heavily industrialised metropolitan county.

Reversions under scrutiny

West Midlands is the third large investment client for which Healey and Baker acts on a retained basis. The other two are the Coal Board and Save and Prosper Property Bond.

"No, sir, when a man is tired of reversions, he is tired of property" Dr. Johnson might have said. That, at least is the opinion of some agents who are anxiously watching for signs of a revival of investment interest in properties with some reversionary content. After all, today's rack-rented property is tomorrow's reversionary.

The point is made with special force in English Property's annual report which was published this week. In the three years between October, 1974, and October, 1977, net annual rents receivable from the group's existing U.K. portfolio is expected to rise by 50 per cent. Even by October this year rents will be flowing in at a rate of around £10.5m. annually compared with the £8.5m. achieved in 1973-74.

With prime rack-rented investments in limited supply, some investment funds must be chanelled into reversionary or secondary properties. But which way will investment interest move and what minimum yields will be demanded?

Given the fact that the institutions and pension funds are going to be the major providers of investment funds, it seems likely that prime, well let properties of a mildly reversionary nature are going to be preferred to those secondary properties which might be unlettable in a slump.

Some commentators talk generally about investment interest in reversionaries stopping at anything which offers a current yield more than 1 per cent. below current rack-rented yields—say 6.5 per cent. for a prime office and 9.5 per cent. for a top industrial property. But of course it all depends on the financial position of the purchaser.

A tenant may be more anxious *to buy his existing premises* than an outside purchaser. One fund may have to face a heavy requirement for cash and cannot afford to drop much on current yields, however attractive the property may seem in the longer term. Another may be in just the reverse position, being cash-rich and interested in attractive long-term investments which can be bought relatively cheaply.

So far this week I have only heard of one major reversionary deal being negotiated. The investment interest seems at present to centre around purchases below the £1m. mark.

Developments that go ahead

GIVEN the present economic and political climate and the dire warnings from developers and agents alike, it is easy to gain the impression that no new development at all is being started. While it is true that the level of activity is sharply down there is still a smattering of new schemes being undertaken, not all of them small.

Centros Investments has just started work on Phase Three of its Park Farm Industrial Estate at Westland Read, Leeds. On the two acre site a terrace of four warehouses/industrial units and one detached self-contained unit totalling 44,225 square feet will be built for completion by March next year.

Mr. John Wheeler, managing director of Centros, says he firmly believes that in 12 months' time there will be "a very real demand for this type of industrial property." It is worth noting in parentheses that Slough Estates has found the Yorkshire industrial market especially buoyant during recent months.

On the shopping front, David Charles has started work on a £1.5m. scheme in Uxbridge, West London. The scheme will comprise a supermarket for Sainsbury with a sales area of 20,000 square feet, 14,000 square feet of offices and showrooms and a municipal car park for 474 cars. The office should be available by February, 1977.

In Scotland work is expected to start any day now on a 50,000-square-feet office development being carried out by the Scottish Mutual Assurance in association with Score Property Developments at a cost of over £1m. The site is on the corner of Dundas Street and West George Street and close to Queen Street Station—very much a prime position, in fact.

If there is a pattern among these latest developments it is that they are in areas where demand for space has been recently running above average and on prime sites.

A slightly greater degree of caution can be detected in some other proposals. Link Home Investments says it is planning to begin "later this year" an office and shops scheme for the railway station and station yard at Bridge Street, Halstead, Essex. There will be 15,000 square feet of shopping space, 7,000 square feet of storage, 4,000 square feet of offices, and two flats. The project is scheduled for completion in 1976.

Delights by post

COMMENTING on the inaccuracies of Press releases has its dangers since even the FT is not free of the occasional spelling mistake. But this week has brought some special delights in my post. One short Press release contained three spelling mistakes including the client's name and something called a Supperannuation Fund. My personal favourite, however, was a letter from a firm of city estate agents addressed to the Property Editor, Jill Tarfford.

OUT AND ABOU[T]

● Heenan Beddow Develop[ments] has sold its 148,450 [square] foot freehold office and [ware]house development in B[...] Green Road, north Londo[n] nearly £3.5m. to Har[...] Council.

The deal will help He[...] Spark to make a subst[antial] reduction in its borrowing[s] rently standing at [...] £10m. The developm[ent] 122,145 square feet single [...] warehouse and a thre[e...] 26,305 square foot offic[e...] warehouse block—will b[e...] by the Middlesex Polyt[echnic]. It will require substantia[l con]version to make it su[...] Funds for the purchase are [...] supplied by the Departm[ent of] Education.

Hampton and Sons and [...] Cardale Groves acted for [...] vendors and introduced [...] purchasers.

● In two deals totalling [...] Adda International, the hot[el] property group, has sol[d pro]perties in Sussex Ga[...] London W.2 and in Leed[s].

The London Properties [...] consisting of bed-and-bre[akfast] hotels, have been sold to [...] Junction Company for £7[...] Adda had bought these p[roper]ties, along with a numb[er of] others in London from [...] Junction 18 months ago. [...]ning delays and the eco[nomic] climate have, however, ma[de] development of the site [...]sible for the time being a[nd the] company has thus sold th[e pro]perties back to their pr[evious] owner.

In Leeds, Adda has sol[d] Olympia Works in Rou[...] Road for £350,000 to an un[...] investor. The freehold ind[ustrial] estate of 5.3 acres house[s] major tenancies involved i[n cash] and carry, light engineerin[g, up]holstery and TV repairs.

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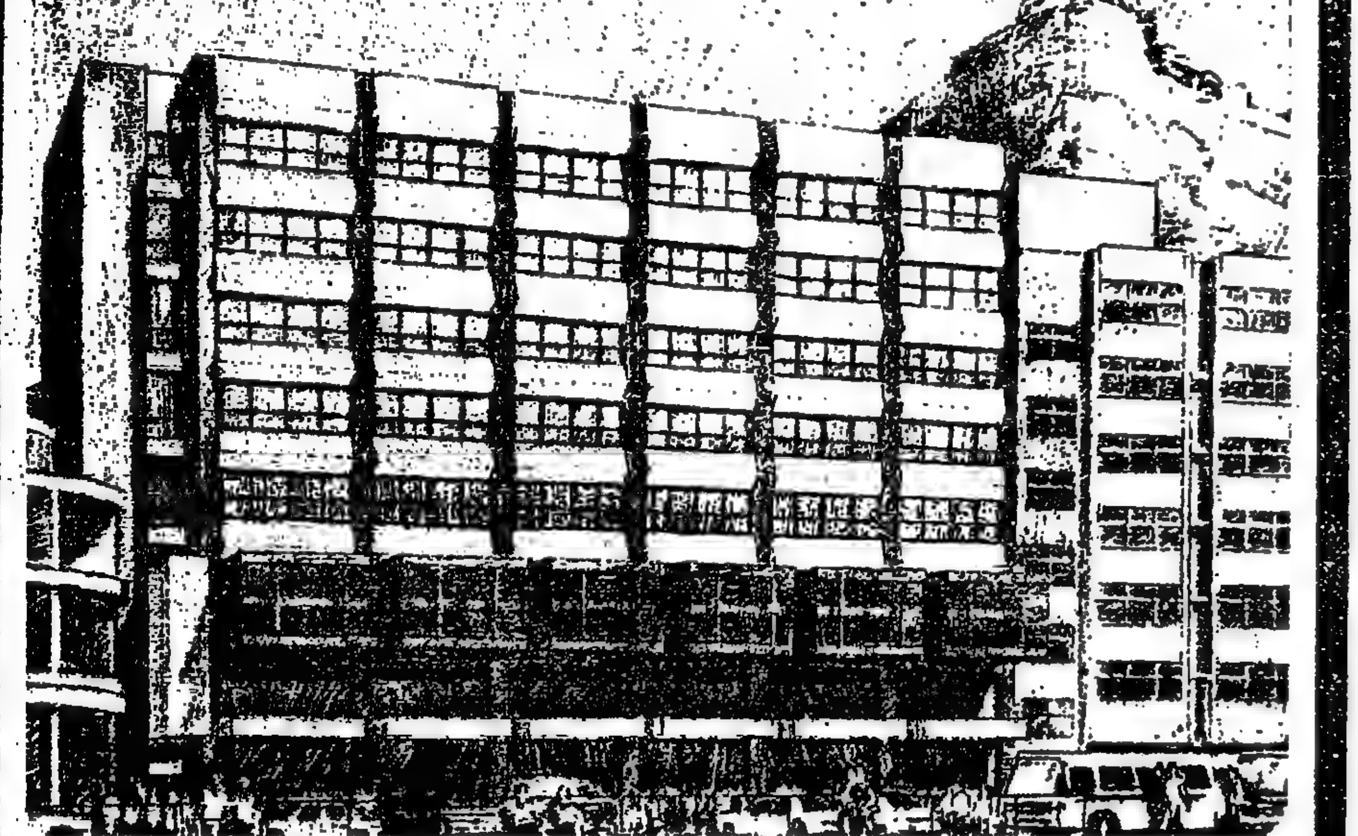

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The present position is that two sites have been developed, while a further site and a car park are under construction. There are a number of sites remaining comprising some 51 acres which could be developed. The City Council owns 13 acres of cleared sites and numerous individual properties within the development sites but, owing to Government imposed financial restrictions, is unable to proceed with further acquisitions, other than on a very limited scale. Owing to the current financial restrictions, the City Council will be unable to participate financially in the redevelopment.

Plans, models and other details of the development can be inspected at the office of E. Davies, City Planning Officer, Wood Street, Cardiff. (Tel: Cardiff (0222) 388631.)

Expressions of interest and/or details of any proposals should be sent to H. Mansfield, Chief Executive, Cardiff City Council, City Hall, Cardiff CF1 3ND not later than fourteen days from the date of publication of this advertisement. Envelopes should be endorsed "Confidential—Central Area Redevelopment."

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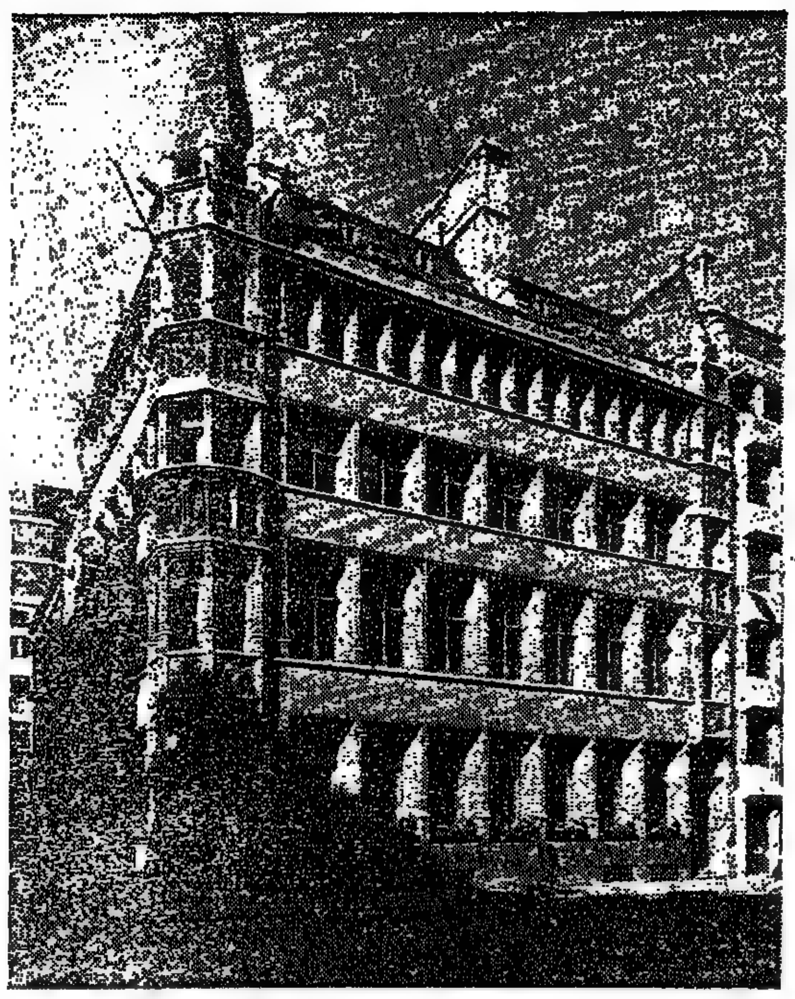

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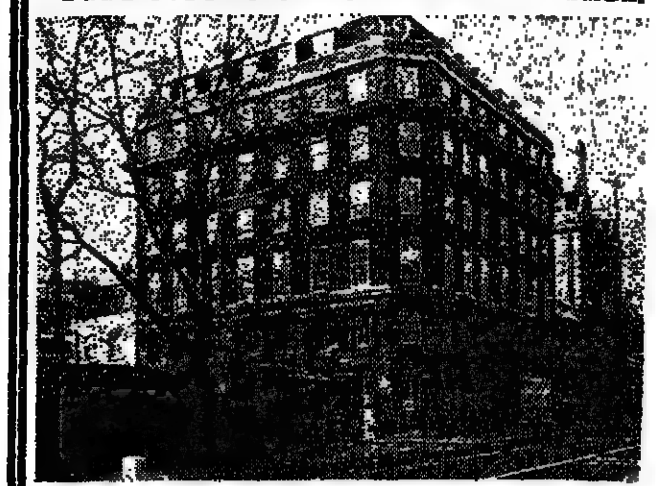

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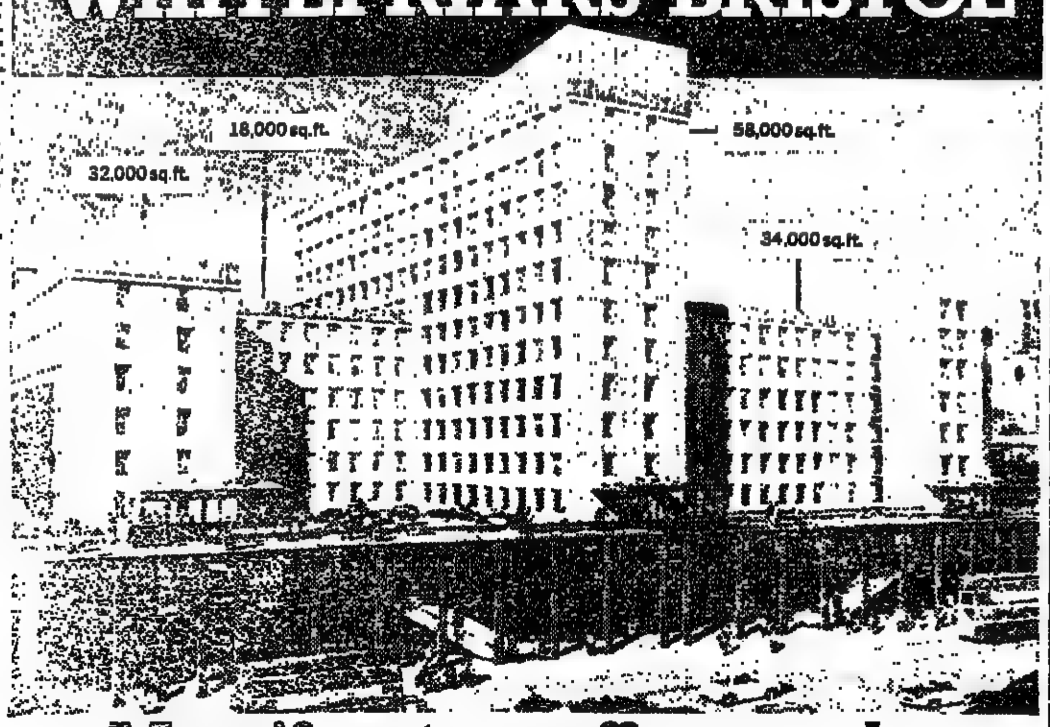

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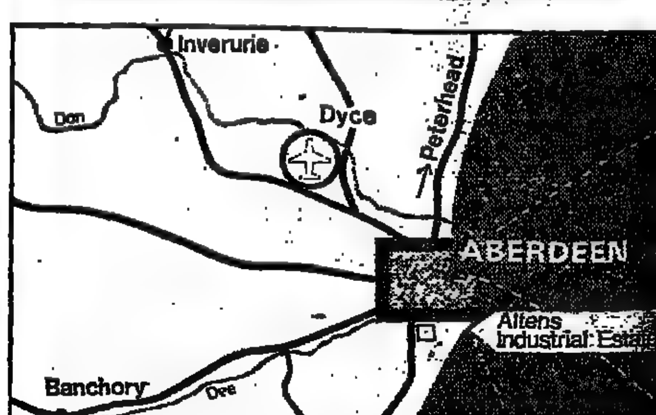

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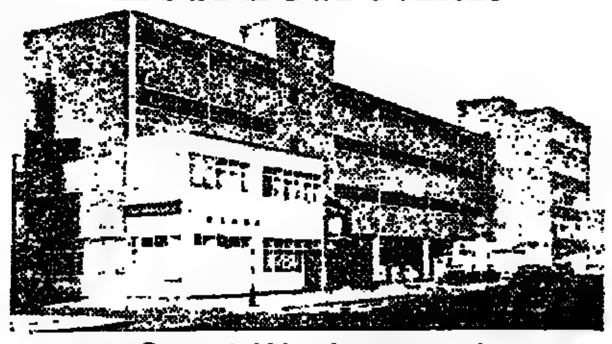

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(Ref.) MLH

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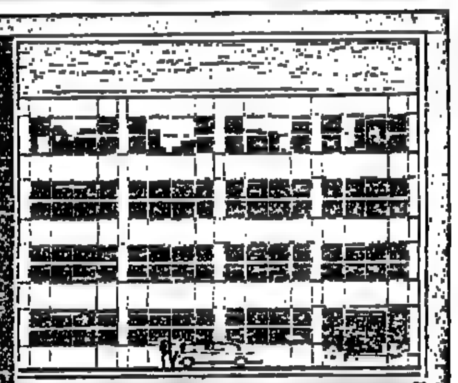

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HACKNEY E8
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MONEY MARKET

مكتبة الأصل

Full credit supply

Bank of England Minimum Lending Rate 9¾%
(Since April 18, 1975)

Day-to-day credit was again in full supply in the London money market yesterday, and shorter term fixed-period rates fell further. The market balanced its books without official intervention, but it seemed possible, on the basis of identified factors that banks carried over a surplus. Banks had carried over a surplus from Wednesday, and Government disbursements were greater than revenue transfers to the Exchequer, but the market had a net take-up of Treasury bills to finance, the authorities held maturing bank bills, and repayment was made by the Discount market of the very large sum borrowed the previous Thursday at the Bank of England Minimum Lending Rate of 9¾ per cent.

Discount houses bid 8½-9½ per cent. for secured call loans in the earlier part, but found later balances in a range of 6-7½ per cent. In the inter-bank market, overnight loans opened at levels ranging up to 9½ per cent. or so, and ended at levels ranging down to 3 per cent. or so.

The one-month sterling certificate yield fell to 9⅜-9¼ per cent., from the previous 9⅝-9½ per cent., and the three-month to 9⅛-9⅛ per cent., from 9¼-9⅜ per cent., but the one-year hardened 11⅛-11⅛ per cent., from 11⅛-11 per cent.

Rates in the table below are nominal in some cases.

May 1 1975	Sterling Certificates of deposits	Inter-bank	Local Authority deposits*	Local Auth. negotiable bonds	Finance house deposits	Company deposits	Discount market deposits	Treasury bills ⊕	Bank bills ⊕	Fine trade bills ⊕
Overnight	—	3-9	7-9	—	—	9¾-10	6-9½	—	—	—
2 days notice	—	—	9-9¾	—	—	—	—	—	—	—
7 days or 7 days notice	—	9⅝-9½	9¼-9⅝	—	9⅞-11	—	[illegible]	—	—	—
One month	9⅜-9¼	9⅝-9¾	9¼-9⅝	10¼-9½	10⅛-11	—	8¼-9	9⅛	9¾-9⅞	11-12
Two months	9⅛-9¼	9⅝-9⅜	—	10¼-9½	10⅛-11	—	8¾-9⅛	9⅜	9¼-9⅞	11-12
Three months	9⅛-9⅛	9⅞-9⅝	10-10⅛	10¼-9⅞	10⅛-11	—	8¾-9⅛	9¼-9⅜	9¼-9⅞	11-12
Six months	10¼-10⅛	10⅛-10⅛	10¼-10⅛	10¼-9⅞	—	—	—	—	10⅛-10⅛	11-12
Nine months	11-10⅞	10⅞-11⅛	—	11⅛-11	—	—	—	—	—	—
One year	11⅛-11⅛	11⅛-11⅛	12⅛-12⅛	11⅛-11⅛	—	—	—	—	—	—
Two years	12-11⅞	11⅝-12	12¾-13	12¼-11⅞	—	—	—	—	—	—

Local authority and finance houses seven days' notice, others seven days' fixed. * Long-term local authority mortgage rate nominally three years 12½-12¾ per cent.; four years 13¼-14 per cent.; five years 13½-14 per cent. ⊕ Bank bill rate in table is buying rate for prime paper. Buying rates for four-month bank bills 10-10¼ per cent.; and four-month trade bills 12 per cent. Approximate selling rate for one-month Treasury bills 9⅛-9 per cent.; two-month 9¼ per cent.; three-months 9⅛-9⅜ per cent. Approximate selling rate for one-month bank bills 9⅞-9½ per cent.; for two-month 9⅞-9½ per cent.; and three-month 9⅞-9½ per cent.; for one-month trade bills 10-10½ per cent.; two-month 10-10½ per cent.; and three-month 10½ per cent.

Finance House Base Rate (published by the Finance Houses Association): 10½ per cent., from May 1. Clearing Bank Deposit Rates: for smaller sums at seven days' notice 6½ per cent. Clearing Bank Base Rate for lending 9½ per cent. Treasury Bills: Average tender rate of discount 9.3462 per cent.

BASE LENDING RATES

Allied Irish Banks Ltd.	9½%
Anglo-Portuguese Bank	10 %
Henry Ansbacher	10½%
Banco de Bilbao	9½%
Banco de Jerez	11½%
Bank of Cyprus	‡11 %
Banque du Rhone S.A.	10 %
Barclays Bank	9½%
Barnett, Christie Ltd.	11 %
Bremar Holdings Ltd.	10½%
Brit. Bank of Mid. East	9½%
■ Brown Shipley	10½%
Cayzer, Bowater Co. Ltd.	10½%
Cedar Holdings	11 %
■ Charterhouse Japhet	10½%
C. E. Coates	10½%
Consolidated Credits	12 %
Continental Trade Bk.	9½%
Co-operative Bank	* 9½%
Copleys Bank	11½%
Corinthian Securities	9½%
Credit Lyonnais	9½%
G. R. Dawes	10½%
Duboff Brothers	12 %
Duncan Lawrie	10½%
English Transcont.	11½%
First London Secs.	9½%
■ Antony Gibbs	10 %
Goode Durrant Trust	11½%
Greyhound Guaranty	9½%
Grindlays Bank	10 %
■ Guinness Mahon	10½%
■ Hambros Bank	9½%
Hawtin & Partners	13 %
■ Hill Samuel	§10 %
C. Hoare & Co.	† 9½%
Julian S. Hodge	10½%
Industrial Bank of Scot.	9½%
Jacobs, Kroll	11½%
Keyser Ullmann	10½%
Kinghurst Securities	12 %
Lloyds Bank	9½%
London & European	11½%
London Mercantile	11½%
Midland Bank	9½%
■ Samuel Montagu	9½%
■ Morgan Grenfell	* 9½%
Morris Wigram Ltd.	11½%
National Westminster	9½%
Northern Comm. Trust	11½%
Norwich General Trust	10 %
Portman Guaranty	11 %
P. S. Refson & Co.	9½%
Rossminster Acceptances	9½%
Royal Trust of Canada	10½%
E. S. Schwab	11½%
Security Trust Co. Ltd.	11 %
Shenley Trust	11½%
Standard & Chartered	9½%
Sterling Credit	12 %
Stewart Salmon & Co.	9½%
Thames Guaranty	12 %
Trade Development Bk.	9½%
Twentieth Century Bk.	11½%
United Bank of Kuwait	9½%
Wallace Brothers Bank	10½%
Whiteaway Laidlaw	10 %
Williams and Glyn's	9½%
Yorkshire Bank	9½%

■ Members of the Accepting Houses Committee.
* 7-day deposits 6½%, 1-month deposits [illegible].
† 7-day deposits on sums of £10,000 and under 6½%, up to £25,000 6¾%, and over £25,000 7½%.
‡ Deposit Base Rate 10½%.
§ Demand Deposit 7½%.

CORAL INDEX

Close 334-339

INSURANCE BASE RATES

† Atlantic Assurance 11½%
Cannon Assurance ...... 10 %
† Address shown under Insurance and Property Bond table.

New Scottish BR timetable

THE NEW 1975/1976 timetable for British Rail, Scotland, which starts on Monday, contains important alterations to Inter-City and suburban services.

Significant improvements include four additional Edinburgh-London trains on the East Coast main line; extension of the present Edinburgh-Leeds North-Briton train to and from Dundee; a new direct Glasgow-Liverpool afternoon train; and improved suburban services on the Kilmarnock - Barrhead - Glasgow and Arbroath-Dundee lines.

Principal changes on suburban routes are an increase of seven to 16 trains daily between Kilmarnock and Glasgow, and extra trains on the Arbroath-Dundee line.

DUTCH BAN TOY PLASTIC GUNS

According to the AA, the Dutch police are about to intensify inspection of tourists' luggage, particularly firearms, and even the carrying of plastic imitation toy guns that look like the real thing could bring a jail sentence of up to four years.

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	53	—	2
Corpns., Dom. and Foreign Bonds	32	3	36
Industrials	377	263	1,107
Financial and Prop.	160	111	362
Oils	18	3	20
Plantations	—	1	40
Mines	33	36	38
Recent Issues	13	12	22
Totals	628	428	1,662

NEW "HIGHS" AND "LOWS" FOR 1975

The following securities (number in parentheses) among those quoted in the Share Information Service yesterday attained new "Highs" and "Lows" for 1975.

NEW HIGHS (72)

AMERICANS (12)
Baker Oil Tools, Cutler Hammer, Bethlehem Steel, Kaiser Aluminium, Carborundum, Merck, Continental Oil, Reznord, Crown Zellerbach, TRW Inc., Cumming Engine, UOP

BANKS (2)
Mercantile Credit, Standard & Chartered

BUILDINGS (2)
Benford Machine, Rowlinson

CHEMICALS (1)
Fisons

ELECTRICALS (1)
Perkin Elmer 4pc

ENGINEERINGS (8)
Expanded Metal, Hill & Smith, Greenbank, Marryat, Haden Carrier, Martonair, Head Wrightson, Serck

FOODS (2)
British Sugar, Park Farms

INDUSTRIALS (13)
Allied Ins., Macfarlane, Fenner (J. H.), Martin-Black, Franklin Mint, Meltov, Goodrich (B. F.), Monsanto 5pc, James (M.), Petrocon, Leboff Fobel, Wood Hall Trust, Liden

INSURANCE (1)
Heath (C. E.)

MOTORS (1)
Wilmot Breeden

PROPERTY (3)
Avenue Close, Stock Conversion, Prop. Hldg. & Inv.

SOUTH AFRICANS (1)
Unisec

TRUSTS (19)
Alliance Inv., Hambros Inv., Ashdown Inv., Lond. & Holyrood, Aust. & Int., Lond. & Lomond, Cont. Union, Lond. & Prov., Delta Inv., Nola FLS., Drayton Cons., Nelson Financial, Do. Premier, U.S. Deb. Corp., Dualvest Cap., Chancery, Equity Inc., Maledie, Glendevon 'B'

OILS (1)
Pan Ocean

TEAS (1)
Jokai

MINES (4)
Anglo Amer. Corp., Silvermines, Selection Trust, UC Invest.

NEW LOWS (2)

LOANS (MISCEL.) (1)
F.F.I. 13pcUns. 1981

TEXTILES (1)
Bear Brand

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1975 high	1975 low
ICI	£1	20	242	+ 5	255	119
GKN 'New'	Nil/pd.	19	65*	+13½	68*	48*
Rank Org. 'A' 'New'	Ppd.	18	88	—	93	84½
BATS	25p	15	305	+11	337	164
Delta 'New'	Nil/pd.	12	13*	+ 1	14*	8*
English Prop.	50p	12	78	− 1	82½	25
GEC	25p	12	115½	+ 2½	131	51
Shell Transport	25p	12	292	+10	292	118
Commercial Union	25p	11	189	+ 6	192	72
Unilever	25p	11	367	− 5	402	170
Courtaulds	25p	10	111	+ 4	138	53
Dunlop	50p	10	50	− 1	59	17
Eagle Star	25p	10	135	+ 7	140	44
Lloyds Bank	£1	10	230	+10	245	94
Royal Insurance	25p	10	300	+ 3	314	125

The above list of active stocks is based on the number of bargains recorded yesterday in the Official list and under Rule 163(1) (e). * Premium.

F.T.—ACTUARIES SHARE INDICES

These indices are the joint compilation of The Financial Times, The Institute of Actuaries and The Faculty of Actuaries

EQUITY GROUPS — GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)

Thursday, May 1, 1975

	Groups & Sub-sections	Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield %	Est. P/E Ratio (Net)	Est. P/E Ratio (Nil)	Wed. April 30 Index No.	Tues. April 29 Index No.	Monday April 28 Index No.	Friday April 25 Index No.	Year ago (approx.) Index No.	1975 High	1975 Low	Since Compilation High	Since Compilation Low
1	CAPITAL GOODS (181)	120.80	−0.7	19.62	6.64	7.44	7.44	120.02	122.90	119.59	121.38	112.51	129.01	61.78	226.57	50.71
2	Building Materials (30)	138.11	−0.4	21.77	7.25	7.02	7.01	108.49	110.68	108.20	110.59	114.07	117.40	46.21	233.84	44.27
3	Contracting, Construction (23)	231.19	−1.0	17.98	4.25	8.21	8.19	228.60	233.74	227.34	232.95	191.95	251.61	74.74	369.55	71.48
4	Electricals (16)	211.67	−1.2	17.60	5.50	8.22	8.22	209.21	218.24	210.44	213.08	211.76	229.55	93.49	350.04	84.71
5	Engineering (Heavy) (13)	148.60	−0.3	20.65	7.17	7.08	7.08	149.05	155.53	148.83	148.51	119.45	159.79	64.59	302.51	64.39
6	Engineering (General) (65)	105.54	−1.1	20.52	7.53	7.05	7.04	104.39	106.10	103.01	104.47	90.82	110.07	45.43	168.59	45.43
7	Machine and Other Tools (11)	44.83	−0.6	13.70	10.39	12.86	12.67	45.12	45.93	45.38	45.06	36.68	46.19	20.11	156.70	19.60
8	Miscellaneous (23)	107.56	—	19.41	7.19	7.02	7.00	107.53	108.76	108.20	108.80	100.45	114.48	49.65	177.41	46.65
9	CONSUMER GOODS (DURABLE) (59)	85.40	−0.5	21.13	7.23	6.91	6.89	85.86	87.59	85.99*	85.91*	100.75	90.59	35.39	227.78	38.59
10	Electronics, Radio TV etc. (15)	94.25	−0.1	22.50	5.40	6.44	6.44	94.11	96.73	95.05	93.29	123.09	105.62	44.28	257.41	42.65
11	Household Goods (15)	137.89	−0.1	31.48	7.71	4.58	4.58	137.80	138.62	136.66	138.28	151.67	146.90	64.53	263.22	63.92
12	Motors and Distributors (29)	48.15	−1.7	14.65	9.52	10.26	10.18	48.99	49.78	48.72*	49.57*	49.93	50.55	19.91	170.59	19.91
13	CONSUMER GOODS (NON-DURABLE) (164)	135.94	−2.1	15.01	6.01	9.41	9.40	133.08	137.11	132.40	134.37	121.30	141.85	61.96	226.08	61.41
14	Breweries (16)	147.72	−2.9	14.15	6.69	10.49	10.49	143.56	147.09	143.59	146.49	147.39	156.35	75.58	281.87	69.47
15	Wines and Spirits (8)	159.20	+2.1	13.53	5.83	10.94	10.94	156.00	158.88	156.08	161.14	165.85	167.59	83.42	257.40	78.56
16	Entertainment, Catering (16)	144.84	−2.6	15.54	7.77	9.39	9.39	141.15	144.05	137.32	138.87	145.51	149.02	56.28	329.19	54.65
17	Food Manufacturing (22)	144.14	−0.5	14.46	[illegible]	9.48	9.45	143.44	148.27	142.05	142.91	116.05	148.82	62.03	211.65	59.67
18	Food Retailing (16)	137.92	−1.9	11.11	4.46	13.57	13.57	135.58	140.40	135.44	137.71	108.18	145.54	57.15	256.08	54.25
19	Newspapers, Publishing (15)	137.30	−0.5	20.14	6.96	7.44	7.44	136.56	139.68	137.41	138.94	154.24	146.73	55.08	260.29	55.08
20	Packaging and Paper (13)	97.42	−1.7	22.41	6.77	6.46	6.47	95.80	98.22	95.70	97.16	78.61	102.98	45.46	155.69	45.46
21	Stores (30)	126.85	−2.2	13.96	[illegible]	13.46	13.46	124.16	127.88	122.95	124.18	98.73	129.58	52.63	204.59	52.63
22	Textiles (19)	130.56	−3.0	27.33	7.70	4.25	4.34	126.72	131.09	123.32	129.26	132.60	142.59	62.91	253.72	62.66
23	Tobacco (3)	179.66	−3.6	19.41	7.42	7.56	7.56	173.13	179.71	176.29	178.35	189.00	199.16	109.92	339.16	94.34
24	Toys and Games (6)	41.51	−0.4	25.77	7.36	5.26	5.26	41.33	41.41	41.50	41.84	44.70	43.51	20.92	135.72	20.92
	OTHER GROUPS (92)															
25	Chemicals (23)	159.33	−2.2	21.39	5.57	6.58	6.57	155.87	159.74	154.67	157.16	143.12	164.47	73.14	201.92	71.20
26	Office Equipment (10)	92.49	−2.2	15.42	5.46	8.06	8.66	95.15	96.49	94.28	96.35	120.77	104.78	45.34	146.05	45.34
27	Shipping (11)	357.80	−0.5	24.29	6.63	4.79	4.67	356.07	365.78	356.04	363.30	389.97	401.84	194.58	517.00	90.80
28	Miscellaneous (46)	141.69	−2.2	17.71	6.78	7.83	7.83	138.67	142.94	137.80	138.78	136.08	148.14	60.39	258.58	60.89
29	INDUSTRIAL GROUP (496)	131.20	−1.5	17.60	6.21	8.03	8.02	129.22	132.73	128.50	130.28	125.01	137.57	[illegible]	[illegible]	59.01
30	OILS (4)	247.53	−1.7	29.74	6.25	3.61	3.56	243.33	249.25	247.52	248.38	255.66	251.16	[illegible]	[illegible]	87.23
31	500 SHARE INDEX	141.11	−1.6	19.27	6.21	6.87	6.74	138.95	142.67	138.60	140.32	134.25	146.95	[illegible]	227.95	[illegible]
32	FINANCIAL GROUP (100)	142.51	−2.0	—	5.01	—	—	139.77	145.13	138.43	138.60	127.81	147.98	55.50	241.41	55.68
33	Banks (6)	156.08	−3.2	25.97	[illegible]	6.21	6.21	151.22	156.59	150.92	153.52	152.16	165.88	62.56	288.32	62.44
34	Discount Houses (9)	140.97	−1.4	—	8.01	—	—	145.01	151.50	154.60	155.97	142.17	169.27	84.13	293.15	81.40
35	Hire Purchase (5)	119.90	−0.3	20.77	7.49	5.40	5.86	119.56	124.93	118.17	124.26	209.56	154.59	42.31	433.72	36.85
36	Insurance (Life) (9)	117.84	−1.2	—	5.69	—	—	116.40	120.18	116.81	116.49	101.66	127.97	44.88	194.46	44.88
37	Insurance (Composite) (8)	111.81	−2.9	—	5.33	—	—	108.70	114.59	107.19	105.56	84.78	114.59	44.47	155.76	43.96
38	Insurance (Brokers) (6)	184.59	−0.1	10.56	4.60	15.87	13.87	184.49	188.55	183.52	181.79	169.82	191.72	68.96	262.57	65.66
39	Merchant Banks (19)	89.66	−0.2	—	6.95	—	—	89.49	90.95	87.67	87.81	116.89	94.97	31.21	276.57	31.21
40	Property (31)	230.80	−1.1	3.92	2.57	36.66	35.33	226.29	237.13	225.06	224.47	174.13	241.22	86.19	357.40	56.01
41	Miscellaneous (5)	71.27	−1.0	15.92	9.11	8.81	8.71	71.97	72.13	71.46	71.58	106.04	75.78	34.78	303.18	33.29
42	Investment Trusts (50)	164.46		2.06	4.19	32.72	33.72	164.50	166.64	165.71	166.71	135.75	170.07	73.45	245.79	71.66
43	ALL-SHARE INDEX (650)	141.74	−1.5		5.85		—	138.59	145.54	139.15	140.47	131.95	147.45	62.16	228.18	61.92
	COMMODITY GROUPS (Not included in 500 or All-Share indices)															
44	Rubbers (10)	491.73	−0.3	10.42	6.56	11.30	10.87	490.30	484.92	480.72	480.94	375.10	491.73	281.86	555.37	84.68
45	Teas (10)	88.19	—	21.91	9.07	5.76	5.36	88.19	88.28	88.63	88.63	104.49	88.63	76.76	121.47	59.72
46	Coppers (3)	443.96	−1.2	44.23	17.01	2.26	2.26	449.20	445.23	452.31	450.23	427.51	450.26	374.58	567.78	94.08
47	Mining Finance (11)	125.36	−1.4	9.86	4.21	11.34	11.34	123.65	122.83	121.75	121.88	119.80	125.36	80.59	175.90	66.81
48	Tins (8)	100.40	−1.3	10.16	8.26	12.68	10.89	101.75	99.87	98.21	97.16	96.95	101.75	58.91	125.45	54.85
49	Overseas Traders (13)	225.02	+1.5	14.79	3.86	8.57	8.53	221.71	227.11	222.15	221.75	—	229.40	97.37	229.40	97.57

	FIXED INTEREST	Thursday, May 1 Index No.	Yield %	Wed. April 30	Tuesday April 29	Monday April 28	Friday April 25	Thurs. April 24	Wed. April 23	Tuesday April 22	Year ago (approx.)	1975 High	1975 Low	Since Compilation High	Since Compilation Low
1	Consols 2½% yield	—	15.52	15.55	15.42	15.42	15.16	15.04	15.04	14.81	14.23	—	—	—	—
2	20-yr. Govt. Stocks (6)	46.65	‡15.86	45.58	46.01	46.03	46.79	47.53	47.35	48.08	50.69	53.09	38.27	115.42	38.27
3	20-yr. Red. Deb. & Loans (15)	46.61	‡15.79	46.52	46.69	47.02	47.19	47.74	47.75	48.01	46.78	50.68	37.01	113.43	37.01
4	Investment Trusts Prefs. (15)	42.66	16.23	42.99	43.26	43.40	43.68	44.00	44.83	44.83	42.78	46.57	35.35	114.41	34.46
5	Coml. and Indl. Prefs. (20)	59.31	15.68	58.85	59.32	60.51	61.07	61.80	62.10	61.94	58.05	66.98	48.35	114.95	47.67

Section or Group	Base Dates	Base Value	Section or Group	Base Dates	Base Value
Overseas Traders	31/12/74	100.00	Food Manufacturing	29/12/67	114.13
Engineering (Heavy)	31/12/71	153.84	Food Retailing	29/12/67	114.13
Engineering (General)	31/12/71	153.84	Insurance Brokers	29/12/67	96.67
Wines and Spirits	16/1/70	144.76	Mining Finance	29/12/67	100.00
Toys and Games	16/1/70	135.72	All Other	10/4/62	100.00
Office Equipment	16/1/70	162.74			
Industrial Group	31/12/70	128.20			
Miscellaneous Financial	31/12/70	128.06			

‡ Redemption yield. FT-Actuaries indices are calculated by Extel Communications Limited (a member of the Exchange Telegraph Group) on an IBM 370 computer.

A new list of the constituents of the FT-Actuaries Share Indices is now available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 13p. By inland post 16p. Commonwealth 18p. Foreign 22p.

* Corrected.

REGIONAL MARKETS

BELFAST			Evered	11½	+1	Gardner (L.)	60
Finlay Pkg (5p)	16		Fr'st & Reed Sip	109		Hardy's Int	50
Hughes (B) (£1)	75		Gardiner	13½		Higson Brew	90 −8
Strabane Inv.	20		Greig Ship (£1)	515		Holt Joseph	170
IRISH EXCHANGE			Halma 5p	7½		I.O.M. Stm. £1	110
AllianceGas £1	38		Kioen-o-ee	27xd		Nichols Vimto	47½
Carroll (P.J.)	125		Lovell's Ship (£1)	130		Nthn Goldsmith	65
Clondalkin	65		Pearce C.H.	75		P.M.A.	36
Concrete Prods.	70		Sterling (Wm.)	93		Peel Mills	18
Goodbody (£1)	39		Vincent (H.)	87½xd	+5	Sayers Con 12p	9
Heiton (Hldgs)	33		**NORTHERN EXCHANGE**			Sheffield brick	65
Irish Distillers	72					Sheff. Refrsmt	156
Irish Wire Bd.	40					Shiloh Spinn.	24 +2
Jacob	58					Woolwrd H. 12½p	24
Sunbeam	18		Albany Inv 20p	13		**SCOTTISH EXCHANGE**	
Unidare	61		Ash Spinning	40		Bertam	20
			Brady (G.) 'A'	55		Craig & Rose £1	315
			Br'wtr Est. 50p	145		Dundee Crm £1	195xd
MIDLANDS & WESTERN			Clover Croft	60		Dundee Ice £1	305
			Dyson R.A. 'A'	31		Ellis & McHdy.	66
			Ellenroad	40		Fife Forge	45
SwansPrdk (10p)	51		Eng Nat Inv Pf.	23½		Lees (J.J.) 12p	25
			Do. Deferred	23½		Richards 10p	10
			Ess	26		R'bb Cal'da Sp.	60 −2

Option Report—3-month Call rates

OPTION DEALING DATES

First Dealings	Last Dealings	Last Declaration	For Settlement
Apr. 15	Apr. 28	July 10	July 22
Apr. 29	May 12	July 24	Aug. 5
May 13	May 27	Aug. 7	Aug. 19

It was an active declaration day in the Option market, but little interest was shown in new business. Money was given for the "call" of Coalite and Chemical, British Land, European Ferries and Capital and Counties. European Ferries were also dealt in for the "put," while double options were arranged in Land Securities, European Ferries, MEPC, English Property and British Land.

Industrials		Grand Met.	10	Slater Walker	14	**Mines**	
A. P. Cement	20	G.U.S. 'A'	20	Spillers	7	Anglo Amer.	45
Assoc. Leisure	5	Guardian	20	Tesco	6	Broken Hill Pty	65
Barclays Bank	35	G.K.N.	25	Thorn 'A'	25	Cast	9
Beecham	24	Hawker Sidd.	25	Tube Invest.	30	Charter Cons.	20
Boots Drug	24	House of Fraser	10	Unilever	40	Chart'rh'll Fin.	7
Bowaters	17	Hudson (Wilmot)	5	Utd. Drapery	12	Cons Gold	33
B.A.T.	35	I.C.I.	22	Vickers	18	De Beers Def.	20
British Leyland	1½	"Imps"	7	Woolworths	6	F. S. Geduld	200
British Oxygen	6	I.C.L.	7			Great Boulder	6
Burton 'A'	9	Inveresk	10	**Property**		Hampton Areas	10
Cadburys	6	Legal & General	17	Cap Counties	7	Hampton Prop.	4
Courtaulds	12	Lloyds Bank	30	E.P.	9	Kloof	140
Debenhams	11	"Lofs"	9	Int. Europe	7	Lonrho	20
Distillers	15	"Mams"	9	Land Securities	32	Loraine	55
Dunlop	6	Marks & Sp'ncer	22	Peachey	7	Metals Explor.	8
Eagle Star	16	Midland Bank	32	Town & City	7	Poseidon	55
E.M.I.	14	Nat'l West Bank	30	Town & Comm.	7	Pres. Steyn	325
First National	3½	P & O Dfd.	15			Rio T. Zinc	20
G.R.A. Trust	7	Plessey	8	**Oils**		Welkom	55
Gen. Accident	16	R.H.M.	7	Brit. Petroleum	45	West Areas	55
Gen. Electric	14	Rank Org. 'A'	25	Burmah Oil	11	Western M'ng.	15
Glaxo	40	Reed Int'l	25	Shell	26	Zambia Copper	7
				Ultramar	17		

FOOD PRICE MOVEMENTS

	May 1 £	Week ago £	Month ago £
BACON			
Danish A.1 per ton†	800	800	800
British A.1 per ton†	795	795	775
Irish Special per ton†	795	795	770
Polish A.1 per ton†	—	—	—
Ulster A.1 per ton‡	795	795	770
BUTTER (packet)			
NZ per 28 lbs†	—	9.87	9.87
English per cwt†	40.72-41.14	41.14-41.44	40.46-41.15
Danish salted per cwt†	41.72-42.50	41.72-42.50	41.72-42.30
CHEESE§			
English cheddar white rindless 40-lb per cwt	43.15	—	—
NZ per 20 kilos	15.61	15.61	14.48
EGGS*			
Home-prod. Standard	3.20-3.40	3.40-3.50	—
Large	3.50-3.60	3.60-3.75	—

	May 1 per pound p p	Week ago per pound p p	Month ago per pound p p
BEEF			
Scotch killed sides (ex KKCF)	33.0—36.0	33.0—37.0	36.0—38.0
Eire forequarters	25.0—26.0	23.0—26.0	25.0—27.0
Argentine chilled rumps	—	—	—
LAMB			
English	40.0—43.0	38.0—44.0	44.0—48.0
NZ 2s-Ds	29.0—30.0	29.0—30.0	29.0—31.0
PORK (all weights)	23.5—34.0	23.0—34.0	22.0—33.0
MUTTON			
English ewes	12.0—13.0	12.0—13.0	12.0 13.0
POULTRY			
Broiler chickens	23.0—26.0	23.0—25.0	22.5—25.5

* London Egg Exchange price per 120 eggs. † Delivered. § London and National Provision Exchange price. ‡ For delivery May 3-10. ** FMC price.

INSURANCE, PROPERTY, BONDS

Abbey Life Assurance Co. Ltd.
1-3, St. Paul's Churchyard, E.C.4. 248 9111
[illegible]

Cornhill Insurance Co. Ltd.
32, Cornhill, E.C.3. 01-626 5410
[illegible]

Crescent Life Ass. Co. Ltd.
Braywick Hse, Mdnhd, Berks. Mdnhd 34855
[illegible]

Crusader Insurance Co. Ltd.
[illegible]

Life Assur. Co. of Pennsylvania
39-42, New Bond St., W1Y 0RQ.
LACOP Units 77.8 81.7

Lloyd's Life Assurance Ltd.
12, Leadenhall St., EC3M 7LS.
[illegible]

Save & Prosper Group
4, Gt. St. Helen's, London, E.C.3.

Bal'nced Inv. Bd.	89.0	93.7	−0.1	—
Equity Bonds	87.4	92.0	−0.2	—
Property Fund	103.1	108.6		—
Deposit Fund	104.0	108.5		—
Equity Pension Fd.	103.0	108.5	+0.8	—
Fxd. Pens. Fund	116.5	122.7		—
Mini Bonds	19.3	20.4		—
Property Pens. Fnd.	123.0	129.5		—

[illegible]

Up another 9 on economic hopes

BY OUR WALL STREET CORRESPONDENT

NEW YORK, May 1.

THE ADVANCE made further headway on Wall Street to-day spurred by a comment by Federal Reserve Board chairman Dr. Arthur Burns that the FED was currently seeking a moderate rate of expansion in the nation's money supply.

The Dow Jones Industrial Average moved up another 9.62 to a fresh 1975 high of 830.96 and the NYSE All Common index rose a further 40 cents to $46.59, also a new yearly peak. Rises led falls by 873 to 506, while the trading volume further expanded 2.6m. shares to 20.66m., suggesting no apparent impact on the first day of trading under a system of Negotiated Commission Rates ordered by the Securities and Exchange Commission.

In the day's economic news, the Senate approved a fiscal 1976 Budget target calling for a $67.2bn. deficit, exceeding the $60bn. limit set by President Ford. Earlier, newly named New York Federal Reserve Bank president Paul Volcker said there are obvious dangers and risks to financial markets as the Federal deficit gets bigger.

Also in the economic news, Labour Secretary John Dunlop predicted that unemployment won't go much above its current 8.7 per cent. level before it peaks later this year.

Oil and Energy related shares benefited from an Administration proposal yesterday to decontrol over the next two years the price of domestic oil from wells that generally were in production before 1972.

Exxon climbed $2¼ to $83¼, Standard Oil of Ohio $2⅞ to $65, Phillips Petroleum $2⅞ to $49, Schlumberger $1⅞ to $85½.

General Dynamics put on $1 to $41⅞ on an 88 per cent. jump in earnings for the first quarter, and it was embarking on a $400m. capital expansion programme over the next three years.

Du Pont improved $2½ to $129.

Chrysler dipped $½ to $10—after the market closed it reported a loss for the first quarter compared with a profit a year earlier.

Southern Pacific, one of the most active issues, fell $2½ to $27½ on a first quarter net loss of $21.1m., against profit of $17m. It has also delayed a more than $50m. capital improvements plan for this year.

Schering-Plough, another active issue, shed $⅝ to $57⅜. A block of 221,200 shares traded at $58.

Sears, Roebuck were up $1⅛ to $84½—it reported a 2.9 per cent. decline in April sales from a year earlier.

Halliburton gained $4½ to $164½ on higher first quarter net.

The American SE Market Value Index was down 0.08 to 84.10, although advances outnumbered declines by 334 to 285.

Syntex, the most active issue, gave way $1⅞ to $40 on a volume of 183,300 shares.

OTHER MARKETS

Canada higher

Canadian stock markets finished higher in light trading yesterday.

The Industrial Share Index put on 0.66 to 183.57. Golds 4.56 to 385.49. Base Metals 0.23 to 70.69, Western Oils 1.60 to 172.14, Utilities 1.27 to 133.37 and Banks 0.51 to 246.65. But Papers eased 0.01 to 106.17.

Moore Corp. advanced $1⅛ to $48¾ on higher first quarter earnings.

Among Oils, Ashland Oil Canada gained $1 to $9¾. Numac Oil and Gas rose $⅜ to $11⅜ and Pan Ocean Oil were up $⅜ to $13⅜. Bow Valley Industries picked up $¼ to $16¼.

AMSTERDAM—Slightly higher in slow trading.

Akzo gained Fls.0.60 to 47.5 Philips Fls.0.10 to 27.1, Royal Dutch Fls.0.20 to 87.2 and Unilever advanced Fls.0.90 to 108.8.

Banks and Insurances were narrowly mixed. In Transportations, KNSM Group rose Fls.2.90, Shipping Union Fls.1.50 and KLM Fls.1.

Dutch Industrials showed good gains. Ahold advanced Fls.3.8 to 101.

In the Bond Market high yielders were steady while low-yielders showed gains of up to Fls.0.50.

Two Bond-Loans with 8.50 per cent. coupons were announced—Fls.60m. due 1985, of National Investment Bank and Fls.40m. due 1985, of Bank Mees en Hope. Further details were not available.

COPENHAGEN—Generally higher in moderate trading, although Banks were little changed.

TOKYO—Further improvement in bullish trading, encouraged by purchases from Foreign investors and Japanese Mutual Funds, which boosted the 225-share index 18.47 to 4504.31, its highest level in the past nine months. Volume 330m. (220m.) shares.

Nissan Motor gained Y12 to 362, following its results for the half year to end March. Other Motors also gained ground.

Trisei Construction added Y10 at 347 on active buying by Foreign investors and Japanese Mutual Funds.

Rubber Goods, Housing Related shares, Chemicals, Cements, Department Stores and Shippings also moved up.

Nippon Carbon and Tokai Electrode were other prominent gainers, each on expectations of capital increases.

Meanwhile, Pioneer Electronic, TDK Electronics and other popular shares lost ground on profit-taking.

Constructions, Paper-pulps and Oil Refinings were other prominent losers.

HONG KONG—Mixed in decreased trading.

New World were up 2 cents to $HK1.49, Hutchison 7½ cents to 2.725 and Hong Kong Telephone 20 cents to 12.80.

But Hong Kong Bank were off 40 cents to $HK14.60, Hong Kong Electric 2.5 cents to 3.475 and Hong Kong and Kowloon Wharf 20 cents to 22.40.

Swire Cheung rose 7 cents to $HK1.28 and Cheung Kong 12½ cents to 4.17½.

Gammon gave way 30 cents to $HK18.20—it has been approached by Jardine Matheson about a possible offer for a controlling interest.

JOHANNESBURG—Gold shares eased but closed off the bottom in some cases.

Free State Geduld lost R250 to R30 and Kloof 28 cents to R12.20.

In Financial Minings, Anglo American gained 15 cents to R5.05 and Union Corp. put on 5 cents to R5.20.

Coppers edged lower with Messina down 5 cents to R390. Platinums were little changed.

Industrials were fractionally firmer.

AUSTRALIA—Markets turned lower on profit-taking after a relatively firm opening. Trading was subdued.

BHP shed 4 cents to $A6.10 and Philip Morris fell 30 cents to $A6.20, but CSR gained 5 cents to $A4.33.

Banks were generally weaker, along with Financiers.

Insurances were steadier and South British gained 15 cents to $A2.40.

Retailers eased, as did Properties.

Uraniums and Mines were generally stronger, but Utah lost 10 cents to $A6.90.

Beach Sands Mines were firm, with Allied up 4 cents to 84 cents, Associated Minerals 5 cents to $A2.57, Cudgen 2 cents to 88 cents, Kathleen Investments 6 cents to $A1.04 and Westralian Sands 2 cents to 60 cents.

Monmia were untraded after closing at $A1.85 on Wednesday—it is subject of a takeover offer from Cafran Pty. at $A2.17 per share.

MAY DAY HOLIDAY

Markets were closed in the following countries yesterday for May Day: Austria, Argentina, Belgium, Brazil, Chile, Egypt, Finland, France, Greece, Italy, India, Lebanon, Luxembourg, Malaysia, Norway, Portugal, Philippines, Pakistan, Singapore, Sweden, Spain, Sri Lanka, Switzerland (Basle and Zurich), Thailand and West Germany.

Lebanon, Greece and Belgium (Brussels Bourse) will also be closed to-day.

Indices

NEW YORK

DOW JONES AVERAGES

Close	Home Bonds	Transport	Indus	Util.	Trading volume† 000's
May 1	67.23	170.76	830.96	74.29	20,660
Apr. 30	67.24	171.38	821.34	74.04	18,060
29	67.37	168.02	803.04	74.16	17,740
28	67.35	169.66	810.00	74.77	17,850
25	67.47	169.46	811.30	75.05	20,350
24	67.65	167.57	803.66	75.19	19,060
23	67.71	166.95	802.49	75.60	20,040
22	67.74	169.86	814.14	75.82	26,120
21	67.58	171.13	815.68	76.56	25,960
18	67.68	169.37	806.45	76.66	22,610
17	67.86	170.60	819.46	76.72	32,650
16	67.95	168.45	815.71	76.72	22,970
15	67.28	166.71	815.08	76.54	29,620
14	67.96	165.48	806.95	76.37	26,600
11	67.98	164.60	789.50	75.98	20,160
10	68.04	166.42	781.39	75.64	24,990
1975 High	69.92 (4/4)	171.38 (30/4)	830.96 (1/5)	81.96 (31/1)	—
Low	66.16 (3/1)	146.47 (2/1)	632.04 (2/1)	72.02 (2/1)	—
All-time High	—	279.88 (7/2/69)	1051.70 (11/1/73)	163.32 (20/4/65)	—
Low	—	13.23 (8/7/32)	41.22 (8/7/32)	10.58 (28/4/42)	—

† Excluding bonds.

IND. DIVIDEND YIELD p.c.

Apr. 25	Apr. 18	Apr. 26, 1974
4.80	4.77	4.35

N.Y. SE ALL COMMON INDEX

December 31, 1965=50.

1975 High	1975 Low	May 1	Apr 30	Apr 29	Apr 28	Apr 25
46.59 (1/5)	37.06 (2/1)	46.59	46.19	46.41	45.77	45.85

RISES AND FALLS

Issues traded	Up	Down	Unchanged
1,790	873	506	411

	May 1	Apr 30	Apr 29	Apr 28	Apr 25
New Highs	166	84	68	128	158
" Lows	10	21	20	13	14

AMERICAN SE MARKET VALUE INDEX

Starting base 100 Aug. 31, 1973.

1975 High	1975 Low	May 1	Apr 30	Apr 29	Apr 28	Apr 25
84.86 (21/4)	62.20 (2/1)	84.10	84.24	85.66	84.16	84.15
Volume (000's)		2,470	2,780	2,000	2,157	2,490

STANDARD AND POORS U.S. STOCK INDICES

	*Industrials	†Composite
May 1	99.34	89.10
April 30	98.42	87.30
29	96.41	85.64
28	97.10	86.23
25	97.57	86.62
24	96.88	86.04
23	96.98	86.12
22	95.10	97.08
21	98.21	87.23
1975 High	99.34 (1/5)	86.10 (1/5)
1975 Low	77.71 (8/1)	70.04 (8/1)

* 425 Industrials. † 425 Industrials, 60 Utilities, 15 Rails.

STOCK AND BOND YIELDS

	1975 Apr. 30	1975 Apr. 23	1974 May 1
Ind. Ord yield pc	3.55	3.91	3.59
Ind. Ord. p/e ratio	9.90	9.74	11.72
Long-term Govt. Bds. per cent.	6.23	6.22	6.78

THURSDAY'S ACTIVE STOCKS

	Stocks traded	Closing price	Change on day
Am. T. & T. Wts.	358,000	13-64	−3-64
Schering-Plough	288,700	57⅜	−⅝
Polaroid	257,300	30⅛	—
Minn. Ming & Mfg	196,600	61½	+1⅛
Disney (Walt)	167,300	49⅛	+⅞
Texaco	152,100	23⅞	−⅛
Boeing	135,600	26⅜	+1⅜
Commonwlth Oil	133,000	11⅝	—
Bethlehem Steel	127,800	30⅝	+⅞
Xerox	125,100	75	+⅞

TORONTO

INDUSTRIAL INDEX

May 1	Apr. 30	1975 High	1975 Low
183.57	182.91	185.69 (17/4)	150.41 (2/1)

MONTREAL

INDUSTRIAL INDEX

May 1	Apr. 30	1975 High	1975 Low
191.77	191.17	194.22 (17/4)	160.96 (2/1)

COMBINED INDEX

May 1	Apr. 30	1975 High	1975 Low
185.39	185.26	189.37 (17/4)	156.02 (2/1)

JOHANNESBURG

	May 1	Apr. 30	1974-75 High	1974-75 Low
Industrials	196.4	197.4	210.3 (17/2)	183.0 (23/1)
Golds	391.4	393.0	370.1 (2/1)	285.2 (15/4)

(1958=100.) Source: Rand Daily Mail. * 1974.

MELBOURNE YIELDS

Av'ge yield on 50 Leading Stocks	May 1	April 24	April 17
On Dividends	7.43	7.29	7.48
On Earnings	15.17	13.81	14.10

SYDNEY ALL ORD. INDEX

May 1	April 30	High 1975	Low 1975
353.35	353.23	388.48 (14/1)	289.88 (8/1)

HONG KONG INDEX ⊕

May 1	April 30	High 1975	Low 1975
320.37	322.61	333.64 (28/4)	160.42 (9/1)

TOKYO NEW SE INDEX

Base=100 January 4, 1968.

May 1	Apr. 30	High 1975	Low 1975
326.37	325.37	326.37 (1/5)	268.24 (10/1)

SINGAPORE INDEX §

Apr. 30	April 29	High 1975	Low 1975
258.34	256.31	260.69 (11/3)	163.26 (8/1)

EUROPE

	May 1	Previous	1975 High	1975 Low
Belg'm (a)	(c)	110.56	110.62 (28/4)	89.07 (2/1)
Denm'k (b)	86.35	86.86	86.32 (18/4)	73.06 (14/1)
France (d)	(c)	69.4	72.6 (23/4)	51.70 (2/1)
Germ'y (e)	(c)	710.3	728.1 (16/4)	573.5 (2/1)
Holland (f)	107.2	106.2	107.3 (1/5)	85.8 (2/1)
Italy (g)	(c)	101.41	105.86 (21/2)	85.98 (8/1)
Spain (h)	(c)	108.10	110.36 (22/4)	91.26 (15/1)
Sweden (k)	(c)	385.18	374.93 (18/4)	310.56 (9/1)
Switz'rl'd (m)	(c)	276.0	222.3 (28/4)	206.5 (2/1)

Indices and base dates (all base values 100):—(a) Belgian S.E. 31/12/63. (b) Copenhagen S.E. 1/1/73. (d) Paris Bourse 1961. (e) Commerzbank December, 1953. (f) Amsterdam Industrial 1970. (g) Milan General 2/1/73. (h) Madrid S.E. 31/12/74. (k) Stockholm Industrial 1/1/58. (m) Swiss Bank Corp. 31/12/58. (u) Unavailable. ⊕ Hang Seng Bank 31/7/64. § Straits Times 1966. (c) Closed. * Adjusted.

Pound lower

Sterling maintained its downwards drift in the foreign exchange market yesterday, with its trade-weighted average depreciation against ten units since the Washington Currency Agreement of December, 1971 (as calculated by the Bank of England) widening on balance to a record 22.8 per cent., from 22.7 per cent.—and standing at 22.7 per cent. in early dealings, and at 22.8 per cent. at noon. Conditions generally were quiet, with the May 1 holiday in many Continental centres restricting business. In terms of the U.S. dollar, the pound fell 35 points to $2.3480-2.3490 on the day —opening at $2.3520-2.3530, and falling to $2.3465-2.3475 at one stage. The dollar's trade-weighted average fall against 14 units since the Washington Agreement (as calculated on noon rates in New York by Morgan Guaranty) narrowed a shade, to 6.83 per cent., from 6.85 per cent., while sterling's depreciation on a similar basis widened to 27.55 per cent., from 27.41 per cent., and the French franc's (similar) appreciation maintained its rise, reaching 4.52 per cent., against Wednesday's 4.29 per cent. The French franc gained a further 25 points against the dollar, at Frs.4.1300, while the German mark lost 28½ points, at DM.2.3790, and the Canadian dollar fell 20 points, to 97.95½ U.S. cents.

Gold fell $1 an ounce on balance in London, to $165½-166½, in small business. The metal opened at $166-167, trending slightly downwards over the day.

The Kruggerand's premium over its gold content ended in places in London, on the dealer's offered side, at about 33⅞ per cent., against the previous 21⅛ per cent., while in international business it closed, as previously, around 3⅛ per cent.

EXCHANGE CROSS-RATES

May. 1	Frankfurt	New York	Paris	Brussels	London	A'sterdam	Zurich
Frankf't (c)	—	2.376-377	57.51-57.57	6.51-62	5.88-95	98.10-15	93.00-08
N. York	42.05-07	—	24.20-25	2.8458-8502	2.3470-3480	41.25-30	39.10-14
Paris (c)	173.675-075	4.1320-1417	—	11.770-795	9.720-745	170.875-275	161.275-675
Brussels (c)	14.775-810	35.11-16	8.47-52	—	82.52-72	14.46-55	13.70-76
London	6.581-59½	2.348-349	9.69-70	82.30-50	—	5.68½-69½	6.00½-01½
Am'erdam	101.20-95	2.4907-32	58.74-79	6.9026-75	5.6866-6916	—	94.60-85½
Zurich (c)	107.42-89	2.5650-75	61.22-93	7.2636-2775	6.0125-0216	105.14-31	—

U.S.$ in Montreal. U.S.$1=102.04-06 Canadian cents.
Canadian $ in New York. $C1=97.94-96 U.S. cents. (c) closed May Day Holiday.
U.S. $ in Milan 631.75. Sterling in Milan 1,485.40.

EURO-CURRENCY INTEREST RATES*

May 1 1975	Sterling	U.S. Dollar	Canadian Dollar	Dutch guilder	W.German mark	Swiss franc
†Short term	8½-10	5⅛-5⅝	5-6	—	4½-5	2¼-3
7 days notice	8½-10½	5¼-5⅝	5⅝-6⅝	—	4½-5	2¼-2¾
Month	11⅝-12	5⅜-5⅞	7⅛-7⅝	4⅝-4⅞	4 1/16-4 7/16	3¼-3⅝
Three months	12⅛-13	5⅝-7⅛	7½-7¾	5¼-5½	4½-4⅞	4⅛-4⅝
Six months	12¾-13½	7⅝-8⅛	8 1/16-8½	5¼-6⅛	5¼-5⅝	5 3/16-5 11/16
One Year	13¼-13¾	8½-8⅝	8⅝-8⅞	7-7¼	6-6⅛	5⅝-6⅝

Euro-French deposit rates: two days' notice not available; seven days' notice not available; one month 9-9½ per cent.; three months 9⅞-10¼ per cent.; six months 10½-10⅞ per cent.; one year 10½-11 per cent.

Longer-term Eurodollars deposits: two years 8½-9 per cent.; three years 9-9½ per cent.; four years 9¼-9¾ per cent.; five years 9¼-9¾ per cent.

The following nominal rates were quoted for London dollar certificates of deposit: one month 6-5¼ per cent.; three months 6 15/16-6 11/16 per cent.; six months 8-7⅞ per cent.; one year 8 7/16-8 per cent.

* Rates are nominal closing rates.

† Short-term rates are call for sterling, U.S. dollars and Canadian dollars and two days' notice for guilders and Swiss francs.

GOLD MARKET

FOREIGN EXCHANGES

FORWARD RATES

OVERSEAS SHARE INFORMATION

Investment premium based on $2.60 per £1—105% (101⅞%)

NEW YORK

CANADA

GERMANY ♦

AMSTERDAM

AUSTRALIA

VIENNA

JOHANNESBURG

TOKYO ¶

Source Nikko Securities Tokyo.

PARIS

MILAN

STOCKHOLM

SWITZERLAND ●

BRUSSELS

SPAIN ♥

OSLO ♣

COPENHAGEN

NOTES: Overseas prices exclude $ premium. ...

STOCK EXCHANGE REPORT

[T]echnical rally in Gilts gives equities a fillip

[I]ndex up 7.5 at 334.7—Big turnover in new Rank 'A' shares

Account Dealing Dates			
[F]irst Deal[ings]	Declara-tions	Last Dealings	Account Day
[Apr.] 21	May 1	May 8	May 13
[May] 5	May 15	May 16	May 28
[May] 19	May 29	May 30	June 10

New time " dealings may take place [fr]om 9.30 a.m. two business days earlier.

[T]he main feature of stock mar[kets] yesterday was the sharp [tech]nical rally in Gilt-edged stocks [whi]ch in turn gave a fillip to [equi]ties. Already firm on reced[ing] fears of an increase in to-day's [Min]imum Lending Rate, the [lat]ter were boosted further dur[ing] the "after-hours" trading [follo]wing the Chancellor's re[mar]ks in the Commons on exces[sive] wage settlements. Final gains [ran]ged to 1½ and the Government [Sec]urities index ended 0.87 higher [at] 57.56.

[L]eading industrials passed an [ext]remely quiet session, but [sca]ttered buying in the thin con[diti]ons ruling left prices with [gai]ns extending to 10 and occas[ion]ally more by the close. [Alt]hough final quotations were [mix]ed, the FT 30-share index [sett]led at the day's best with a [rise] of 7.5 at 334.7. Elsewhere, [mu]ch of the day's interest was [con]centrated on the start of deal[ing]s in Rank Organisation "A" [ne]w shares which closed at 88p on [the] 70p paid shares after a big [tur]nover. Overall, business was at [a l]ow ebb as shown in a further [con]traction in official markings to [6,7]17 compared with 7,659 on Wed[nes]day. The general price trend, [ho]wever, was to higher levels and [the] FT-Actuaries three main in[dic]es closed with gains of around [1] per cent.

[A] shortage of investment cur[ren]cy was again apparent yester[da]y and in a continuing sensitive [an]d volatile market the premium [ros]e to 105¾ per cent. before eas[ing] slightly to close a net 3½ points up at 105 per cent. Yesterday's SE conversion factor was 0.5402 (0.5492).

Banks better

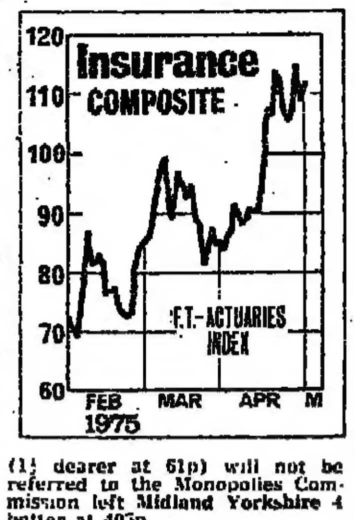
A modest demand was all that was needed for the big four Banks to recover the previous day's losses. Barclays, 290p, Lloyds, 230p, Midland, 270p, and National Westminster all gaining 10. Overseas issues were firmer where changed with Hong Kong and Shanghai rallying 7 to 228p. Bank of Ireland, however, lost 20 to 440p; the results are due next Thursday. Upset by the loss of accepting house status for its subsidiary Brandts, National and Grindlays touched 50p before closing 1 easier on balance at 52p. Dull on Wednesday on dearer money fears, Discounts continued to give ground; Gerrard and National lost 10 to 265p, making a fall on the week so far of 28. In irregular Merchant Banks, Slater Walker hardened 1 to 67p following the chairman's encouraging annual review. In a restricted market, Schroders rose 20 to 380p.

Composite Insurances made good headway in thin trading. Eagle Star, 138p, and General Accident, 167p, both gained 7, while Commercial Union picked up 6 to 169p. Pearl hardened 4 to 204p in Life issues.

A modest demand was enough to help Breweries close firmer for choice. Scottish and Newcastle improved 3½ to 56½p, after 57½p, while Bass Charrington firmed 2 to 92p and Allied hardened 1 to 65p. Distillers picked up 3½ to 135½p.

AP Cement closed 5 up at the day's best of 155p in Buildings where London Brick improved 1 to 52p. British Dredging receded 2½ more to 24p on further consideration of the trading loss and the passing of the dividend.

Fisons featured Chemicals, rising 14 to 398p, after 398p, while ICI rallied 5 to 242p. News that the bid from Croda International



(1½ dearer at 61p) will not be referred to the Monopolies Commission left Midland Yorkshire 4 better at 405p.

Reyrolle advance

Electrical leaders improved in rather thin trading and were featured by Reyrolle Parsons which closed 6 to the good at 61p on satisfaction with the increased profits and dividend. EMI were also outstandingly better, finishing a shade below the day's best with a rise of 7 at 153p. GEC put on 2½ to 115½p and Plessey 2 to 77p, while Philips' Lamp, on the investment premium, hardened 10 to 870p. Thorn recouped an initial loss of 4 to close unaltered at 158p. Elsewhere, Laurence Scott, 40p, recovered the previous day's loss of 4 following second thoughts on the preliminary statement, but Telephone Rentals, despite increased profits, receded 5 to 106p. Sangamo Weston declined 4 to 60p after the full report, while Brocks Group, after Wednesday's rise of 16 on the bid talks, reacted 3 to 57p.

Store leaders generally made good progress, although trade was fairly quiet. Marks and Spencer moved ahead 9 to 237p, while British Home Stores, firm earlier in the week on the good results, rose 12 to 254p. House of Fraser followed the full report with an improvement of 5 at 94p. Gains of 4 were seen in Debenhams, 84p, and UDS, 105p, while "Gussies" "A" put on 3 to 196p. Secondary issues were neglected and closed narrowly mixed. Combined English put on 2 to 69p, but Austin Reed "A" shed 3 to 50p and Macowards 2 to 16p. Among quietly firm Mail Orders, Empire Stores, 105p, and Grattan Warehouses, 84p, both added 3. After the full report, Ward White eased 2 to 82p in Shoes.

The absence of any compensation terms in the Government's Bill for nationalisation of the aerospace and shipbuilding industries confounded the market, thus thwarting the build-up of any interest in the respective nationalisation candidates. Hawker Sideley softened to 290p before closing a net 2 easier at 294p, while Shipbuildings were finally little moved on the day.

In marked contrast, leading Engineerings went sharply higher with Tube Investments closing 14 dearer at 272p and GKN 8 higher at 235p, the latter's new shares rose 13½ to 65p premium. Metal Box gained 6 to 262p and Serck responded swiftly to the continued strong recovery trend in first half profits, gaining 7½ to 38p. Martonair picked up 5 to 129p, but trading news lowered Matthew Hall 5 to 108p and United Wire 2½ to 50½p. In response to the £5m. Nigerian contract, Marryat put on 3 to 21p. Alfred Herbert improved slightly to 6½p despite the split over the proposed restructuring scheme.

A moderate interest in Foods was enough to push both Sainsburys, 180p, and Pork Farms, 123p up 5 apiece, while British Sugar were raised 10 to 315p. Tate and Lyle were below the best at 263p, up 3, as were Cavenham at 113p, for a gain of 2 after 4, and sporadic buying took J. Bibby 4 higher to 71p. On the dull side were Manbre and Garton, 134p, and A. J. Mills, 57p, with falls of 2.

Hotels saw the accent on leading issues such as J. Lyons "A," 6 firmer at 156p, and Trust Houses Forte, which gained 4 to 126p. Revived demand in a small market lifted CCH 3 to 35p.

Rank "A" active

Following the recent heavily oversubscribed offer-for-sale at 140p, the new Rank "A" shares made their debut yesterday in extremely active trading and, in 70p paid form, moved within a trading range of 87p and 92p before closing at 88p. Little interest was shown in the old Rank "A" which shed 2 to 163p.

Other Miscellaneous Industrial leaders staged an advance in thin trading conditions after Wednesday's reaction. Boots, with results due on May 15, rose 9 to 253p. Similar gains were seen in Bowater, 131p, and Glaxo, 388p, while Reed International improved 7 to 272p and Beecham closed 6 firmer at 262p, after 265p. Reckitt and Colman put on 5 to 292p following the full report. Unilever remained a nervous market and declined 5 more to 367p ahead of next Friday's first-quarter figures. Elsewhere, Lamson Industries fell 10 to 82p on the sharp contraction in first-quarter profits, while Gestetner "A" receded 6 more to 149p for a two-day loss of 17 on the forecast lower interim profits and the £11m. "rights" offer. Rockware Group rose 5 to 61p late on the £6.25m. Greenford Property sale agreement, while Press comment prompted a gain of 4½ at 29½p in Wm. Press. Marshall's Universal moved up 10 to 160p in response to the increased profits accompanied by the "rights" offer news, while Wire and Plastic put on 3 to 32p on the higher profits and the proposed scrip issue. Also following results, G.R. (Holdings) added 5 at 105p and Mettoy 2 at 28p. Improvements of about 5 were seen in Thomas Tilling, 61p, and Wood Hall Trust, 85p.

Motor Components displayed no trend after a small business. A modest speculative interest lifted Wilmot Breeden 2 to a 1975 "high" of 27p, but adverse comment in front of the results, due on May 15, held back Dunlop which cheapened 1 to 50p. Elsewhere, Ford BDR shed 5 to 129p.

Reflecting the second-half recovery trend, Pearson Longman were raised 3 to 82p, but there was little else of note in Newspapers apart from small buying of Thomson which ended 4 higher at 182p. Paper Printings were also rather featureless although DRG rose 4 to 115p. In contrast, Oxley fell 2 to 16p.

Dealers in Properties had a relatively busy day though prices fluctuated to close little changed on balance. Land Securities touched extremes of 224p and 228p and ended a net 3 firmer at 228p, while MEPC finished 1 off at 188p, after 186p and 191p. Elsewhere, Trafalgar House, after Wednesday's reaction of 4 on profit-taking, improved 5 to 112p on fresh speculation regarding the mooted £100m. Iranian contract. Stock Conversion were noteworthy for a rise of 10 to 190p, while gains of 5 occurred in Haslemere Estates, 228p, and Imry Property, 240p. Artagen Property, 90½p, and Lynton Holdings, 98p, both put on 3. Avenue Close improved to a peak for the year of 50p on Press comment, but later came back to end unaltered on the day at 46p. In easier vein were Laganvale Estates, 2½ down at 10½p, and Churchbury Estates, 3 off at 110p.

Shell forge higher

The noticeable feature in Oils was the divergent trends which developed in the two majors. Shell were popular from the outset and persistently forged higher to close 10 up at the day's highest of 292p. British Petroleum, on the other hand, struggled in vain to improve and were finally unaltered at 420p; views that the U.S. could be a seller at a slightly higher level outweighed Sir Eric Drake's statement at the annual meeting in which he denied recent reports of the company having agreed to a 51 per cent. Government participation in its North Sea interests. Tricentrol eventually responded to the Government's loan guarantees for its North Sea development, gaining 4 to 82p. Ultramar also enjoyed support, rising 6 to 166p, while investment currency influences took Royal Dutch up ½ to $28¼.

Financials had firm spots in Inchcape which put on 15 to 390p and Dalgety which rose 6 to 225p. Despite the contraction in profits, S. Pearson edged forward 1 to 113p.

Textiles tended to harden in places after a small trade. Courtaulds improved 4 to 111p.

Tobacco leaders joined in the general rally, Bats picking up 11 to 305p and Imps 1½ to 58p.

South Africans continued firm with Abercom Investments, 270p, and Anglo Transvaal, 160p, both adding 5 more, while Unisec hardened 4 to 86p.

In Plantations, Cafel Trust edged forward ½ to 8p, after 6½p, on favourable Press comment.

Mining Finance up

The firmness of the investment dollar premium was largely responsible for rises in the overseas-registered Mining finance issues, while the London-based companies were helped by an overspill of buying interest from the U.K. Industrial market.

In the former group, Anglo American climbed 6 more to a year's high of 460p, Rand Selection gained 10 to 990p and Union Corporation put on 10 to 485p. Of the home issues, Selection Trust rose 20 to a 1975 high of 635p and RTZ were 7 better at 188p.

Among Diamonds, De Beers gained another 5 to 280p. Platinums were little changed apart from Lydenburg which dropped 7 to 95p following the half-year loss.

The firm dollar premium provided little comfort for shares of the gold producers which suffered from the absence of Continental interest as a result of the May Day holiday. Nor was much inspiration provided by the bullion price which closed $1 off at $166 per ounce. The Gold Mines index eased 2 to 373.3. Venterspost lost 20 to 880p but Deelkraal were raised 20 more to 65p premium.

Australians were little changed for the most part but Pancontinental put on 15 to 305p and Western Mining hardened 4 to 174p. In a mixed Tin group, London Tin lost 5 to 173p. Elsewhere, Cape buyers lifted Consolidated Murchison another 20 to 650p.

FINANCIAL TIMES STOCK INDICES

—	May 1	April 30	April 29	April 28	April 25	April 24	A year ago
Government Secs.	57.56	56.69	57.10	57.11	57.82	58.40	57.04
Fixed Interest	57.53	57.23	57.53	57.68	58.29	58.77	56.66
Industrial Ordinary	334.7	327.2	333.9	327.9	332.6	337.5	307.7
Gold Mines	373.3	375.3	371.4	372.5	378.9	392.2	336.1
Ord. Div. Yld. %	6.22	6.36	6.25	6.34	6.26	6.12	6.46
Earnings Yld. % (full)(a)	18.11	18.53	18.18	18.68	18.44	17.87	16.66
P/E Ratio (net) (a) (b)	7.71	7.54	7.68	7.48	7.58	7.82	8.56
Dealings marked	6,717	†7,659	7,818	7,464	8,327	11,087	†5,969
Equity turnover £m.	—	70.66	73.24	64.28	75.64	107.44	50.12
Equity bargains total	—	19,153	19,362	18,857	20,867	29,055	15,133

10 a.m. 329.5. 11 a.m. 329.6. Noon 329.4. 1 p.m. 331.4. 2 p.m. 333.5. 3 p.m. 333.6.
Latest Index 01-246 8026. † Excluding regional exchanges.
(a) Based on 52 per cent. corporation tax. (b) Nil=7.65.
Basis 100; Govt. Secs. 15/10/26. Fixed Int. 1928. Ind. Ord. 1/7/35. Gold Mines 12/9/55. S.E. Activity July-Dec. 1942.

HIGHS AND LOWS

—	1975 High	1975 Low	Since Compilation High	Since Compilation Low
Govt. Secs.	62.34 (20/3)	49.18 (3/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	62.31 (21/3)	50.53 (3/1)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	355.5 (22/4)	146.0 (6/1)	543.6 (19/5/72)	49.4 (26/6/40)
Gold Mines	423.6 (25/2)	280.2 (20/1)	425.4 (15/11/74)	43.5 (26/10/71)

S.E. ACTIVITY

—	May 1	Apr. 30
Daily—		
Gilt-Edged	145.5	168.4
Industrials	245.1	270.1
Speculative	57.0	76.4
Totals	152.9	174.3
5-day Av'r'ge		
Gilt-Edged	156.5	157.5
Industrials	268.6	300.0
Speculative	73.4	86.3
Totals	172.9	192.8

FT—ACTUARIES INDICES

—	May 1	April 30	April 29	April 28	April 25	April 24	A year ago
Industrial Group	131.20	129.22	132.75	128.50	130.28	133.06	123.01
500 Shares	141.11	138.95	142.67	138.60	140.32	142.75	134.25
Div. Yield pc.	6.21	6.31	6.15	6.32	6.24	6.13	6.08
P/E Ratio (net)	6.87	6.76	6.94	6.74	6.85	6.94	8.51
All Share	141.74	139.59	143.54	139.13	140.47	142.89	131.95
Consols yield pc.	15.32	15.55	15.42	15.42	15.16	15.04	14.23

The heights of Glasgow

GLASGOW'S biggest development of multi-storey council flats cost almost £9m. compared with the original estimate of £5.7m., the corporation was told yesterday. The development comprised 1,362 flats at Red Road rising to 32 stories. They were completed around 1970 when they were reinforced because of structural difficulties.

[A]UTHORISED UNIT TRUSTS

[illegible]

[INSURANCE, PROPERTY, BONDS PRICES PAGE 31]

OFFSHORE AND OVERSEAS FUNDS

	Yield %
Albany Management Co. Ltd. P.O. Box 1549, Hamilton, Bermuda.	
Albany Fd. Ltd. ...$5.19 5.57	—
Australian Selection Fund N.V. Lond. Agent, Pan Australian Int Mgt Ltd.	
Free World Fund Limited Butterfield Building, Hamilton, Bermuda	
NAV Mar. 31 ......US$163.16	—
G.T. Bermuda Ltd. Bk. of Bermuda, Front St, Hamltn, Brmda.	
Berry Pc Fd Apr30 US$24.37 +0.62	1.70
Murray Johnstone (Inv. Adviser) 163, Hope St., Glasgow, C.2. 041-221 5521	
*Hope Street Fund US$19.52	—
‡Murray Fund ... US$5.72	—
*NAV April 15. ‡ NAV Mar. 31.	

[illegible]

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

Five to Fifteen Years

Over Fifteen Years

Undated

INTERNATIONAL BANK

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS (MISCEL)

FOREIGN BONDS & RAILS

U.S. $ DM Prices exclude inv. $ premium

AMERICANS

S.E. List Premium 85¾% (based on $2.3475 per £)

CANADIANS

S.E. List Premium 85¾% (based on $2.3978 per £)

Conversion factor 0.5402 (0.5492)

††BANKS AND HIRE PURCHASE

1975 High	1975 Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
22	12	AldermanSec 10p	16½xd	......	13.7	2.4	12.8	5.8
235	135	Alexanders D. £1	185	......	10.9	—	9.1	—
£113	£67	Algemene Fl.100	£111	+1	Qh20	1.8	3.1	24.1
400	190	Allen Harvey £1	255	...	13½	—	8.1	—
113	45	Allied Irish	104	+1	Qh19.2	—	4.6	—
43	14	Anglo Contnl	36	......	—	—	—	—
185	95	Arbuthnot L. £1	175	.....	7	—	6.2	—
395	170	Aust. & N.Z. £1	395	+10	9.1	—	3.5	—
£57½	£21¼	BankAmer $3.125	£32¼	+1½	Q$1.40	—	2.0	—
29⅝	22½	Bk. Hapoalim I£1	29⅝	...	Qsh9.4	—	2.2	—
480	180	Bk. Ireland £1	440	−20	Q20	—	4.8	—
26	22	Bk. Leumi AI£1	26	......	Q16	—	4.5	—
230	180	Bk Leumi (UK) £1	225	......	7¼	—	5.1	—
635	370	Bk. N.S.W. SA2	620	.....	Q28c	—	2.6	—
280	104	Bank Scotland £1	240	+5	8.3	◆	5.3	◆
£71½	£20⅝	Bankers N.Y. $10	£28½	−¼	Q$3.00	—	3.6	—
295	112	Barclays £1	290	+10	8.3	4.7	4.4	7.0
68	19	Bates (Edward)	59	−3	‡20	2.1	‡	5.5
67	18	Bowring (C.T.)	60	−2	8.4	◆	5.6	◆
168	75	Brown Shipley £1	160	.....	17.1	—	6.8	—
9	4	Bryanston	7½	......	◆‡d4.4	—	‡	—
24	14	Burston Group	18#	.....	†13.2	2.4	28.3	2.2
265	110	Cater Ryder £1	215	−5	7.5	—	5.4	—
13	13	Cedar Hldgs. 20p	13#	....	‡7	1.5	‡	6.1
280	165	Com'l Aus (SA1)	265	−5	§1Q14	—	n3.6	—
£14⅔	£10⅜	Com zbk DM100	£14¼	......	Q17	—	2.2	—
£21½	£17½	C'hgn Hbk Kr100	£21	......	Q11	—	3.8	—
19	8	Corinthian 10p	12	....	‡11	4.0	‡	3.3
£28½	£10½	Cred. France F75	£28	......	Q9.7	—	2.3	—
133	133	Dawes (G. R.)	133#	......	d21.3	2.0	6.1	12.4
26½	9	Dawnay Day	19	......	‡4.8	1.3	‡	12.2

Hire Purchase, etc.

BEERS, WINES AND SPIRITS

BUILDING INDUSTRY, TIMBER & ROADS

BUILDING INDUSTRY—Continued

CHEMICALS, PLASTICS

CINEMAS, THEATRES AND TV

DRAPERY AND STORES

DRAPERY AND STORES—Continued

ELECTRICAL AND RADIO

ENGINEERING, MACHINE TOOLS

ENGINEERING—Cont.

FOOD, GROCERIES, ETC.

HOTELS AND CATERERS

HOTELS—Continued

INDUSTRIALS (Miscel.)

INDUSTRIALS—Continued

INSURANCE

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING, ADVERTISING

PROPERTY

PROPERTY—Continued

SHIPBUILDERS, REPAIRERS

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

TRUSTS—Continued

Finance, Land, etc.

OILS

RUBBERS AND SISALS

TEA

India and Bangladesh

Sri Lanka

Africa

MINES

CENTRAL RAND

1975 High	Low	Stock	Price	+ or −	Div Net	Cvr	Y'ld Gr's
£14¼	780	Durban Deep R1	930	−20	Q110c	ϕ	7.6
£14	860	E. Rand Prp. R1	£11½	....	Q115c	ϕ	6.5
105	55	Rand Leases [illegible]	62		—	—	—
£33½	£22	Randf'n Est. [illegible]	£29	+¼	—	—	—
500	260	West Rand R1	350		Q40c	1.3	7.5

EASTERN RAND

FAR WEST RAND

O.F.S.

FINANCE

DIAMOND AND PLATINUM

CENTRAL AFRICAN

AUSTRALIAN

TINS

COPPER

MISCELLANEOUS

1975 High	Low	Stock	Price	+ or −	Div Net	Cvr	Y'ld Gr's
6½	3	Burma Mine 17½p	6	....	—	—	—
40	17	Charterhall 5p	38½	+1	—	—	—
115	75	Colby Mines $1	75#	....	—	—	—
650	360	Cons. Murch. 10c	650	+20	Q130c	2.2	12.9
53½	29½	Laurasia	41½	−1	—	—	—
19	13	NRD $1	16	....	—	—	—
375	200	Northgate C$1	330	−5	Q65c	1.0	8.5
190	80	R.T.Z.	188xd	+7	19.9	4.4	4.1
135	47½	Sabina Inds. C$1	118	+3	—	—	—
70	51	Stanford Mines 8	70	....	—	—	—
£12½	875	Tara Expln. $1	£11⅝	−⅛	—	—	—
75	38	Yukon Cons. C$1	69	....	—	—	—

NOTES

Unless otherwise indicated, prices are in pence, denominations are 25p and dividends are in net percentage terms. Estimated price/earnings ratios and covers adjusted to corporation tax of 52 per cent. on imputation system and 35 per cent. ACT. P/Es calculated on "net" distribution: bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields assuming maintenance of net dividends on increased ACT, are based on middle prices, are gross and allow for value of declared distributions and rights.

Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- Δ Sterling denominated securities which include investment dollar premium
- ● "Tap" Stock
- ∗ Highs and Lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents.
- ◇ Figures or report awaited
- †† Banks and Insurance reserve allocations may preclude calculation of dividend cover
- # Price at time of suspension
- ¶ Indicated dividend after pending scrip and/or rights issue; cover relates to previous dividend or forecast
- ∗∗ Free of Stamp Duty
- ♦ Merger bid or reorganisation in progress
- ‡ Not comparable
- ϕ Same interim: reduced final and/or reduced earnings indicated
- ƒ Based on 1973 profits
- ǂ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend
- ‡ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ◆ Regional price.
- ‖ No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. r Australian currency. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend. P/E ratio based on latest annual earnings. u Forecast dividend cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment. Cover does not apply to special payment.
A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Issue price. G Assumed dividend and yield after pending scrip and/or rights issue. H Figures based on prospectus or other official estimates for 1973-74. Q Gross. T Figures assumed. U No significant Corporation Tax payable. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

"Recent Issues" and "Rights" Page 21

FINANCIAL TIMES

Friday May 2 1975

S. Vietnam's banks to be confiscated

BY OUR ASIA CORRESPONDENT

COMMUNIST FORCES now in control of the whole of South Vietnam yesterday gave swift notice that the new régime would be one of austerity. The first measures of the new self-styled Revolutionary Government included widespread nationalisation, confiscation of U.S. property and a series of rules for correct conduct under the new administration.

According to the Cuban news agency reporting from Saigon, the new rulers ordered the nationalisation of virtually all the country's business and industry, including banks, transport, factories and farms. In addition it ordered the confiscation of U.S.-owned companies and of property belonging to officials of the old regime, as well as property of unspecified "enemies."

It was not clear whether the nationalisation measures included foreign investments. These are predominantly French, but they also include the London-registered Hongkong and Shanghai Bank.

All pronouncements were made in the name of the committee for the military management of Saigon, without any individual being signalled out by name. The three leading figures in the old Communist Provisional Revolutionary Government—which yesterday dropped the word Provisional — were Prime Minister Huynh Tan Phat, Mr. Nguyen Huu Tho, head of the PRG council of wise men (Parliament), and Mr. Tran Va Tra, the Defence Minister, who is also a North Vietnamese general.

The new authorities in Saigon also issued a series of proclamations banning prostitution, dance halls, opium dens "and all decadent slave cultural activities of the American variety." They announced severe penalties for crimes including rape, looting, rumour-mongering, and carrying weapons or explosives, and imposed a ban, described as temporary, on books, newspapers and publications other than those issued by the revolutionary authority.

The Viet Cong also claimed to have won "a total victory," having mopped up the last pockets of resistance in the Mekong delta.

The outside world was dependent on the new Government's monitored broadcasts for its news of what was happening in Saigon, as all normal channels of communication were closed except for one pooled dispatch.

This said that 2,000 people celebrated May Day in a march with banners welcoming the Viet Cong. Troops decorated their vehicles and gun barrels with artificial flowers. Employees were returning to work as directed by the Government.

The Communists' broadcasts kept up a steady stream of anti-American propaganda. A statement from the North Vietnamese Foreign Ministry accused the U.S. of the "forcible" evacuation of South Vietnamese and said it was interference in Vietnam's internal affairs. It demanded that the Seventh Fleet should leave Vietnamese waters.

The ships carrying the refugees continued to arrive in Guam and the Philippines, though U.S. naval authorities ordered to end some of the limited evacuations still taking place. But one captain replied that he was committed to the people waiting on the beaches and would continue operations.

More Vietnam news, Page 6

Striking stable lads drag Willie Carson from his mount at Newmarket yesterday.

Government opposes GLC housing economy

BY JUSTIN LONG

THE GOVERNMENT last night set itself to discourage any proposal by the Greater London Council to achieve reductions in its capital spending programme by cutting back on municipalisation—the purchase of privately-owned flats and houses.

This pressure of Government policy was the sequel to a report earlier this week that the GLC was looking for savings of about £50m. on its housing programme, as part of its effort to deal with its financial crisis. This report suggested that a main part of the economies was likely to come from municipalisation and land purchase.

But Housing Minister Mr. Reginald Freeson told the Commons during a late-night row over the GLC's difficulties that it was necessary for the present "modest" level of municipalisation to be maintained if housing problems were to be solved.

The present policy was right for London if the reduction in rented housing accommodation were to be stopped, said the Minister, and he hoped there would not be a cutback in municipalisation.

Mary Campbell writes: In an effort to dispel doubts about the financial condition of the GLC, Mr. Illtyd Harrington, deputy leader of the council, disclosed yesterday that it had been offered a loan of up to $1bn. However he said the offer had been turned down.

He suggested that the main reason for this was the Government's moves for restraint of U.K public expenditure. Neither Bank of England nor Treasury permission was forthcoming, he indicated.

The report of the loan offer was received with some surprise in the international banking community. It has long been the view of the world's major international banks that there is no chance of a British borrower raising a sum of this order in the markets at this moment.

Mr. Harrington denied that Middle Eastern tenders were involved in the offer.

Parliament, Page 16

Weather

U.K. TO-DAY

DRY with sunny intervals except in N., where there will be a little rain at first.

London, S.E., S.W. and Cent. S. England, E. Anglia, Midlands, Channel Is., Wales

Mostly dry with sunny intervals. Wind moderate. Max 15C (59F).

N. Ireland, I. of Man, E., N.W. and Cent. N. England

Cloudy with a little rain or drizzle at first, becoming mostly dry with sunny intervals. Wind W., light or moderate. Max 13C (55F).

Lakes, N. England, Borders, S.W. and N.W. Scotland, Glasgow, Argyll

Rather cloudy with rain at times. Wind W., light or moderate. Max. 13C (55F).

Edinburgh, Aberdeen, Cent. Highlands, Moray Firth, Caithness

Bright or sunny intervals, becoming rather cloudy with a little rain. Wind W., moderate or fresh. Max 11C (52F).

Orkney and Shetland

Rather cloudy, occasional showers. Wind W., moderate or fresh. Max 9C (48F).

Outlook: Mainly dry

Lighting up: London 19.53, Manchester 20.08, Glasgow 20.25, Belfast 20.29.

BUSINESS CENTRES

		Y'day Mid-day °C	°F			Y'day Mid-day °C	°F
Alexandria	S	22	72	Luxembrg	C	12	54
Amsterdm.	C	17	[illegible]	Madrid	S	19	[illegible]
Athens	S	21	70	Manchstr.	R	[illegible]	46
Bahrain	S	30	86	Melbourne	S	17	[illegible]
Barcelona	S	19	66	Milan	S	23	73
Beirut	F	21	70	Montreal	S	13	[illegible]
Belfast	F	11	[illegible]	Moscow	S	18	[illegible]
Belgrade	S	21	[illegible]	Munich	F	12	54
Berlin	C	17	[illegible]	[illegible]	C	12	54
[illegible]	C	12	[illegible]	New York	C	18	[illegible]
Bristol	C	11	[illegible]	Oslo	C	[illegible]	46
Brussels	F	[illegible]	[illegible]	Paris	F	16	61
Budapest	[illegible]	[illegible]	[illegible]	Perth	S	[illegible]	[illegible]
B. Aires	C	12	54	Prague	S	[illegible]	[illegible]
Cairo	S	[illegible]	[illegible]	Reykjavik	[illegible]	4	39
Cardiff	C	12	[illegible]	Rio de Jan'o	[illegible]	[illegible]	[illegible]
Cologne	S	15	59	Rome	S	18	64
Copenhagen	S	10	50	Singapore	C	[illegible]	[illegible]
Dublin	R	10	50	Stockholm	C	12	[illegible]
Edinburgh	F	10	50	Strasbourg	S	16	61
Frankfurt	S	15	59	Sydney	R	16	61
Geneva	S	14	57	Tel Aviv	S	22	72
Glasgow	C	7	45	Tokyo	C	[illegible]	[illegible]
Helsinki	S	18	64	Toronto	C	10	[illegible]
H. Kong	C	26	[illegible]	Vienna	F	15	[illegible]
Jo'burg	S	24	72	Warsaw	C	19	66
Lisbon	S	21	70	Zurich	S	13	55
London	C	13	55				

HOLIDAY RESORTS

		Y'day Mid-day °C	°F			Y'day Mid-day °C	°F
Ajaccio	S	16	61	Istanbul	R	13	[illegible]
Algiers	S	19	66	Jersey	S	14	[illegible]
[illegible]	S	18	64	Las Palmas	[illegible]	[illegible]	[illegible]
Blackpool	R	[illegible]	[illegible]	Locarno	S	22	[illegible]
Bordeaux	S	18	64	[illegible]	S	[illegible]	[illegible]
[illegible]	C	11	52	Majorca	F	18	64
Cape Tn	S	[illegible]	[illegible]	Malta	S	[illegible]	[illegible]
Corfu	S	21	[illegible]	[illegible]	S	21	[illegible]
Dubrovnik	S	[illegible]	[illegible]	[illegible]	C	17	[illegible]
Faro	S	20	[illegible]	Nice	[illegible]	17	[illegible]
Florence	S	[illegible]	[illegible]	Oporto	S	[illegible]	[illegible]
Funchal	[illegible]	24	[illegible]	Rhodes	S	21	[illegible]
Gibraltar	F	17	[illegible]	Salzburg	C	11	52
Guernsey	S	14	57	Tunis	F	20	[illegible]
Innsbruck	C	11	[illegible]	Valencia	S	20	[illegible]
Inverness	F	[illegible]	46	Venice	F	27	[illegible]
I. of Man	C	9	48				

S—Sunny. F—Fair. R—Rain. C—Cloudy.

Ulster Loyalists scent victory

BY GILES MERRITT

BELFAST, May 1.

POLLING in Ulster's convention election started slowly but later picked up, with the likelihood now that the turnout may be as high as 70 per cent. or more. The chances are that the extra votes may reinforce the Loyalist UUUC coalition's expected majority.

During the two-week campaign run-up, the hallmark of this critical election has been electoral apathy, and to-day's voting was expected to produce a turnout of around only 60 per cent., well below the province's recent average of 70 per cent. Ulster has already voted five times in two years, and the election of the 78-seat convention seemingly failed to hold many people's interest.

In a Belfast magically freed from almost all army patrols, to-day's warm spring sunshine has turned voting at some of the polling stations into a near carnival occasion.

During the campaign, the nine parties in the race have been forced by low funds to concentrate on door-to-door canvassing, but to-day the emphasis has been on persuading Ulster's 1m. electors to the polls and loudspeaker cars have suddenly become prominent throughout Belfast.

In Catholic West Belfast, election day has been relatively quiet. The Falls Road area awoke to find that the Catholic Social Democratic and Labour Party's posters, bearing candidates' names, had been hidden by a rash of green boycott appeals by the Provisional Sinn Fein.

In Londonderry's Catholic Creggan district about 200 youths—believed to be Provisional Sinn Fein activists—mobbed a handful of policemen leaving a polling station with ballot boxes. After a half-hour battle, in which Army units took part and rubber bullets were fired, three soldiers and two policemen were taken to hospital, while around 20 more of the security forces were slightly wounded.

● An Independent Broadcasting Authority ban on the showing of a This Week television programme on Irish Republican fund-raising activities in the U.S. last night, has been criticised by technicians working for Thames Television, the company which made the programme.

The ban came because the IBA did not like the programme going out on the same day that the Convention elections were being held in Northern Ireland.

£140m. assets sold by Slater since 1973

BY MARGARET REID

SLATER WALKER Securities, the financial and investment group headed by Mr. Jim Slater, has reinforced its cash position by selling off £140m. of shares, businesses and properties since the beginning of 1974.

Recently, however, the Board has identified "some new and attractive investment opportunities" and feels "well placed to come back very strongly as and when general market conditions improve," Mr. Slater tells shareholders in his annual statement.

The major run of disposals, against the background of "the worst bear market in living memory," had "left the company in a strong position to face the future," says Mr. Slater, who adds that asset sale has remained a top priority into this year.

He commented last night that, after last year's upheavals, the company was "like a ship that's come through a tempest. We've just got into a role when we can begin to think positively rather than negatively and defensively." Following the acquisition of Jessel Britannia and National unit trusts, the company intended to put considerable emphasis on the investment side of activities in future.

The accounts show the substantial contraction in the business caused by the sales and consequent cutbacks in borrowings, including that through the outlay of £15.6m. on buying in long-dated stocks and bonds of the group itself.

Total assets have fallen from £583m. at the end of 1973 to a current £365m. in an up-to-date pro forma balance-sheet. Creditors, deposits and short-term loans are down from £303m. to £153m., while loans, advances and debtors have dropped from £201m. to £134m.

Of the present state of the stock market, Mr. Slater said yesterday: "A market that doubles in a month is a psychological market; it's not in a rational phase. It's difficult to judge; like everybody else, I'm watching it with a fascinated horror." He expected that a "no" verdict in the Common Market referendum would cause a fall, and a "yes" result would lead to a rise "on sentiment."

Mr. Slater—who remarked: "I believe a U.K. resident should have a share of his money in gold"—revealed that since the Budget, Slater Walker Securities had approximately doubled its holdings of Krugerrands to between £3m. and £4m. Some purchases had been made just after the Budget, before the premium had developed. SWS shares last night closed 1p up at 97p, having ranged between 167p and 27p since the beginning of 1974.

BP denies agreeing to State participation

BY ADRIAN HAMILTON

SIR ERIC DRAKE, chairman of British Petroleum, yesterday vehemently denied that his company had accepted the principle of State participation in its North Sea holdings.

Emphasising the distinction between the company and the Government both on this and other North Sea matters, he told shareholders at the company's annual meeting in London that he had "not agreed to anything.

"It is simply not true to say that we have accepted the principle of participation. We have merely agreed to discuss this subject with the Government."

His statement follows Mr. Eric Varley, the Energy Secretary's announcement in the Commons on Wednesday that Sir Eric had expressed willingness to "enter into discussions with the Government with a view to agreeing terms for majority State participation."

Sir Eric has already publicly stated his confidence that an agreement can be reached on the terms outlined by the Government's negotiating team in recent weeks.

On other North Sea issues, Sir Eric yesterday strongly attacked the Petroleum and Submarine Pipelines Bill. "I feel bound to say," he declared, "that the uncertainties which it creates through the various and conflicting roles of the proposed National Oil Company and the immense discretionary powers of control given to the Secretary of State could lead to further delay in the development of North Sea fields.

"My views are known to the Government and I hope that a solution will be evolved which will not adversely affect production from the North Sea which is so important to the country as a whole."

Discussing the company's North Sea programme, he revealed that costs of the Forties Field project had now risen yet again to the "order of £700m." against a figure of £640m. estimated only six months ago. He confirmed that first production had now slipped until the last quarter of this year as against earlier hopes of this summer.

Sir Eric put BP firmly behind the view that Britain should remain in the EEC and also declared that, in view of his likely retirement later this year, this was probably his last general meeting as chairman of BP.

North Sea oil Review, Page 9

Continued from Page 1

Nationalisation

"Secondly, although it was not to be expected that the Bill would set out a proposed organisational structure of the industry under public ownership, until this crucial information is forthcoming it is impossible for anyone to assess the impact which nationalisation will have on the day-to-day running of the industries concerned."

The association hopes to take up these and other points with the Government soon.

The Society of British Aerospace Companies condemned the Bill outright, and warned that in conjunction with Conservative MPs it would fight it clause by clause.

Sir Richard Smeeton, director of the SBAC, which has already voted unanimously against nationalisation, said the Bill confirmed the aerospace industry's fears that many more aerospace companies were now at risk than the four named in the Bill, and that it went far beyond anything that the industry had been given to believe in the earlier consultation document.

Sir Richard said the industry was not ailing and requiring rescue, as Mr. Benn's Bill appeared to imply, but was a vigorous and dynamic industry earning substantial foreign currency for the U.K., and which ought to be left alone to continue this task.

Mr. Michael Heseltine, Shadow Industry Secretary, described the Bill as "doctrine for doctrine's sake."

Lever attacks Benn funds plan

BY MICHAEL BLANDEN

PROPOSALS FOR channelling private institutional investment into the National Enterprise Board and directly into manufacturing industry are "not Government policy and are unlikely ever to be so."

This was stated last night by Mr Harold Lever, Chancellor of the Duchy of Lancaster, in a strong response to the proposals put forward by Mr. Anthony Wedgwood Benn, the Industry Secretary, for forcing the private sector to invest in industry.

The "coercion" of private funds, Mr. Lever said, was a sure way of "poisoning relations between private industry and the National Enterprise Board." It would not be an advantage to create a "financial hybrid" which would escape both the commercial profitability tests of the private sector and the traditional accountability of the public sector.

He rejected "immediate emotion, pressure groups and intellectual fads" as guidelines for investment in the absence of firm objective criteria for investment judgments.

Mr. Lever's speech follows the unofficial publication a week ago of a Labour Party document prepared by Mr. Benn and two of his closest colleagues proposing the direction of private sector insurance and pension funds into the NEB and into chosen private sector investments.

Mr Wilson virtually disowned the plan shortly after its publication, saying it was "not in accordance with Government thinking." Mr. Lever last night confirmed that the Prime Minister's comments were intended as a complete rejection of the principles involved, arguing that "there were strong objections to forced lending."

Speaking at the opening ceremony for the City branch of the Co-operative Bank, Mr. Lever said the Prime Minister had made it clear that the proposals were not Government policy. There were many objections to them in general principle, and there were two which he particularly emphasised.

First, "it is always wrong to use compulsion where an objective can be achieved by voluntary means." Far from the voluntary approach having been tried and failed, he said, "Britain is one of the few countries that has never needed to bring coercion to bear upon its investment institutions on the direction of investment finance."

More important, he drew attention to the fact that the ultimate pressure was being brought not on the great financial institutions but on "those whose savings for pensions have been entrusted to them." He argued "it is the pensioners, not the institutions, who will suffer if the funds are coerced into unprofitable channels."

Mr. Lever said he used the word "unprofitable" because it was not necessary to use coercion to persuade experienced institutional investors to accept profitable opportunities. "Why select the savings for pensions as one of the prime targets from which to exact this compulsory sacrifice?" he asked.

He wondered how trade unionists would feel about the impact of this on their pension funds, and how shareholders and depositors in the Co-op Bank would react.

The proposals, he said, missed the point. Public sector activities in this country had never had difficulty in financing projects which had the Government's approval, and the NEB would be no different. "Why then does it need the support of this proposed flow of coerced funds?"

Editorial Comment, Page 18

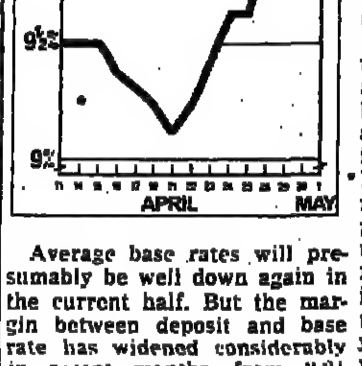
THE LEX COLUMN

Strengths of the Scottish banks

Index rose 7.5 to 334.7

National and Commercial has come up with another £3m. of special provisions in its first six months ending March, most of which again relate to Williams and Glyn's and are apparently of a very general nature. But its main message is about the relative buoyancy of banking in Scotland. Base rates in this period averaged 11.7 per cent. against 12.5 a year ago. But under the lead of the Royal Bank of Scotland, the group's average deposits have risen by over a fifth, which looks noticeably more than for the London clearers. So the profits decline from £26.1m. to £20.3m. is entirely to do with higher expenses: staff costs, for instance, are over 30 per cent. higher.

Profits are, however, well up on April-September's £16.6m.—a figure which was knocked by "normal" provisions and investment write-downs some of which have now been clawed back. This recovery might have cheery implications for the rest of the sector.



Average base rates will presumably be well down again in the current half. But the margin between deposit and base rate has widened considerably in recent months—from 2-2½ per cent. to 3½ per cent. And associate company income, down from £5.1m. to £1.7m. so far, should recover smartly. The main reason is that NCB has consolidated its share of FFI's unrealised investment losses. That took out £1.6m., but a large part of the provisions covered quoted investments.

The conclusion is that profits for the year may be broadly comparable to the first six months, producing an overall fall from £51m. to about £40m. before provisions. On that basis, the balance-sheet ratios will fall again—but will still be among the strongest in the sector, while the shares are on no more than an average rating with a market capitalisation of £135m. and a prospective yield of just over 5½ per cent. at 60p.

See also Page 21

Nationalisation

The Aircraft and Shipbuilding nationalisation Bill contains a familiar blend of platitude and licence — promising the goal of an "adequate return on capital employed," while allowing the two new Corporations to carry out any other activities which the Industry Secretary approves. The companies and shareholders affected are, however, left little the wiser about what compensation they will receive, or when.

But at least there is scope for argument on unquoted securities since the arbitration tribunal will have regard to "all relevant factors," as in the Iron and Steel Bill — and few companies were complaining at the end of the day then. There is likely to be similar flexibility in the treatment of inter-company debt where the capital structure of the particular subsidiary involved will be taken into account.

The Bill also tries to minimise the damaging effects of delay and uncertainty on existing business operations with the assurance that new securities issued and loans made after February 28, 1974, to finance new investment, will be compensated at par. However, an unfortunate retrospective element has been introduced. Any increase in dividends over the total paid in the last financial year for which a final dividend was paid before February 1974 will have to be deducted from compensation. This will sometimes deal with trading as far back as 1972, and it highlights the growing gap between the period when compensation terms are worked out and when payments will be received—and Mr. Benn could offer no guide yesterday as to when vesting day would be. Meanwhile inflation is, of course, eroding compensation values.

Reyrolle Parsons

Excluding loan redemptions, the 1974 profits from Reyrolle Parsons are 36 per cent. higher at £4.07m. pre-tax, which about an eighth ahead of ket expectations; in Septe Reyrolle itself was going broadly maintained Trading margins, interest, improved from 4 cent. to 6.7 per cent. over two halves, while the retur net capital employed jumped above 11 per cent very nearly double the av for the past five years. Reyrolle has had a bumper and the dividend is up a fu per cent. net. However, equally clear that for the electrical engineers the cycle is now in a firm d trend.

Last year Reyrolle's stre hinged upon exports which a third of total turnover for once, operating realistic prices. The asso were up but Canada dominant component tailed off sharply in the s half, while Australia and S Africa held roughly al In key areas like generators and transform say 45 per cent. and a respectively of turnover in —Reyrolle reckons to nearly 12 months' worklo hand. Switchgear (30 per of sales) could be matter, and U.K. vo generally is now fast disa ing. Thus profits in 1976 be very flat indeed.

Meantime, the balance apparently contains net bo ings no higher than the shown at end-1973 when sh holders' funds totalled £42 312p a share. The m capitalisation is just £8 while cover for the yiel 7.9 per cent. is now abou times.

See also Page 22

Slater Walker

Slater Walker's balance tells a story of dramatic formation, with disposals the last 15 months real around £140m. at a net lo nearly £40m. At the end all, bank balances still r sent about a third of cu assets. But deposits have b to £153m. and net current are sharply higher. Net now is apparently back u around 100p per share, everything in at market va The shares are not far b at 97p, and it will be fun whether the group can buil goodwill on the strength o "new and attractive" i ments which it coyly adm having identified.

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